



## Heranba Industries Limited

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli dated March 17, 1992 with the name 'Heranba Industrial Chemicals Private Limited'. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on June 15, 1996 and consequently, the name of our Company was changed to 'Heranba Industrial Chemicals Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli on July 26, 1996. Subsequently, the name of our company was changed to 'Heranba Industries Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. For further details of our Company, refer "General Information" and "History and Certain Other Corporate Matters" on pages 53 and 132 respectively.

**Corporate Identification Number:** U24231GJ1992PLC017315

**Registered Office:** Plot No. 1504 / 1505 / 1506/1 GIDC, Phase-III, Vapi, Valsad – 396 195, Gujarat, India. **Tel No.:** +91 260 240 1646; **Fax No.:** +91 260 240 0536

**Head Office:** 101 / 102, Kanchanganga, Factory Lane, Borivali - West, Mumbai – 400 092, Maharashtra, India. **Tel No.:** +91 22 2898 7912; **Fax No.:** +91 22 2899 3948

**Website:** www.heranba.co.in, **E-mail:** contact@heranba.com

**Contact Person:** Maheshwar Vasant Godbole, Chief Financial Officer

### PROMOTERS: SADASHIV K. SHETTY AND RAGHURAM K. SHETTY

INITIAL PUBLIC OFFERING OF UP TO 1,07,00,000 EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH OF HERANBA INDUSTRIES LIMITED ("OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE ("OFFER PRICE") (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING TO ₹[●] LAKHS ("THE OFFER") COMPRISING A FRESH ISSUE OF UP TO 34,84,000 EQUITY SHARES AGGREGATING UP TO ₹[●] LAKHS ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 71,36,000 EQUITY SHARES BY OUR PROMOTER, SADASHIV K. SHETTY, UP TO 40,000 EQUITY SHARES BY BABU K. SHETTY AND UP TO 40,000 EQUITY SHARES BY VITTALA K. BHANDARY (COLLECTIVELY, THE "SELLING SHAREHOLDERS") AGGREGATING UP TO ₹[●] LAKHS ("OFFER FOR SALE"). OF THE OFFER, THE OFFER WILL CONSTITUTE 25.15%, OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹10.00 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE SELLING SHAREHOLDERS AND THE BOOK RUNNING LEAD MANAGER ("BRLM") AND WILL BE ADVERTISED IN ALL EDITIONS OF THE [●], ALL EDITIONS OF [●] AND [●] EDITION OF [●] (WHICH ARE WIDELY CIRCULATED ENGLISH, HINDI AND GUJARATI NEWSPAPERS, GUJARATI BEING THE REGIONAL LANGUAGE OF GUJARAT, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST 5 (FIVE) WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE WITH THE RELEVANT FINANCIAL RATIOS CALCULATED AT THE FLOOR PRICE AND THE CAP PRICE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER (THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revisions in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries (as defined below).

In terms of Rule 19(2)(b) of the SCRR and in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), this Offer is being made through the Book Building Process, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company in consultation with the BRLM may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are mandatorily required to participate in the Offer through an Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs"). Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA Process. For details, see "Offer Procedure" on page 285.

**THE FACE VALUE OF THE EQUITY SHARES IS ₹10.00 EACH AND THE OFFER PRICE OF ₹[●] IS [●] 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 ₹10.00 and the Offer Price of ₹[●] per Equity Share is [●] times of the face value. The Offer Price (as determined by our Company in consultation with the BRLM, as stated under 'Basis for the Offer Price' on page 80) 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 Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, 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 Red Herring Prospectus. **Specific attention of the investors is invited to 'Risk Factors' on page 18.**

### ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholders, severally and not jointly, accept responsibility for and confirm only statements specifically confirmed or undertaken by the Selling shareholders in this Draft Red Herring Prospectus to the extent that the statements specifically pertain to themselves and the Equity Shares offered by them in the Offer for Sale, and confirm that such statements are true and correct in all material respects and are not misleading in any material respect. However, the Selling shareholders do not assume any responsibility for any other statement, including any statements made by or in relation to our Company in this Draft Red Herring Prospectus.

### LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 358.

### BOOK RUNNING LEAD MANAGER TO THE OFFER



#### GUINNESS CORPORATE ADVISORS PRIVATE LIMITED

18 Deshapriya Park Road,

Kolkata - 700 026, West Bengal, India

**Tel. No.:** +91 33 3001 5555

**Fax No.:** +91 33 3001 5531

**Email:** gcapl@guinnessgroup.net

**Investor Grievance Email:** gcapl.mbd@guinnessgroup.net

**Website:** www.guinnessonline.net

**SEBI Registration No:** INM 000011930

**Contact Person:** Mayur Parikh / Alka Mishra

### REGISTAR TO THE OFFER



#### BIGSHARE SERVICES PRIVATE LIMITED

1<sup>st</sup> floor, Bharat Tin Works Building, Opp. Vasant Oasis,

Makwana Road, Marol, Andheri (East), Mumbai- 400 059, Maharashtra, India

**Tel. No.:** +91 22 6263 8200

**Fax No.:** +91 22 6263 8299

**Email:** ipo@bigshareonline.com

**Website:** www.bigshareonline.com

**SEBI Registration No:** INR000001385

**Contact Person:** Babu Raphael

### BID/ OFFER PROGRAMME

**BID/ OFFER OPENS ON: [●]\***

**BID/ OFFER CLOSES ON: [●]\*\***

\*Our Company may, in consultation with the BRLM, consider participation by Anchor Investor. The Anchor Investor shall bid on the Anchor Investor Bidding Date i.e. one Working Day prior to the Bid / Offer Opening Date. \*\* Our Company may, in consultation with the BRLM, consider closing the Bid / Offer Period for QIBs one Working Day prior to the Bid / Offer Closing Date in accordance with the SEBI ICDR Regulations.

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## SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meanings as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, as amended or re-enacted 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.*

### Conventional / General terms / Company Related Terms

Term	Description
“Heranba Industries Limited”, “Heranba” or “HIL”, “We” or “us” or “our Company” or “the Issuer”	Unless the context otherwise requires, refers to Heranba Industries Limited, a Company incorporated under the Companies Act, 1956 vide a certificate of incorporation dated March 17, 1992 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli and having its registered office at Plot No. 1504/1505/1506/1 GIDC, Phase-III, Vapi, Valsad – 396 195, Gujarat.
“you”, “your” or “yours”	Prospective investors in this Offer.
AOA / Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of our Company, 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.
Chief Financial Officer / CFO	The Chief Financial Officer of our Company being, Maheshwar Vasant Godbole.
Company Secretary / CS	The Company Secretary of our Company, being Shivani Rohila,
C & F Agent	Clearing and Forwarding Agent.
Head Office	The head office of our Company situated at 101 / 102, Kanchanganga, Factory Lane, Borivali - West, Mumbai – 400 092, Maharashtra, India.
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board constituted in accordance with Section 135 and Schedule VII the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.
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 ₹10.00 each unless otherwise specified in the context thereof.
Group Companies / Group Entities	Such companies as covered under the applicable accounting standards, being Accounting Standard 18 or other entities as considered material in accordance with the Materiality Policy, as described in “Our Group Companies” on page 158.
Key Management Personnel / KMP	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI (ICDR) Regulations, Section 2(51) of the Companies Act, 2013. For details, refer “Our Management” on page 137.
MoA / Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The Nomination And Remuneration Committee of our Board constituted in accordance with Regulation 19 of the SEBI (LODR) Regulations and Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI (ICDR) Regulations.
Promoters	Sadashiv K. Shetty And Raghuram K. Shetty
Registered Office	Registered office of our Company situated at Plot No. 1504/1505/1506/1 GIDC, Phase-III, Vapi, Valsad – 396 195, Gujarat.
Restated Financial Statements	The restated financial information of our Company which comprises of the Restated Ind AS Summary Statements for Fiscal Years 2018, 2017 and 2016 and the Restated Indian GAAP

	Summary Statements for the Fiscal Years 2015 and 2014; in accordance with the SEBI (ICDR) Regulations.
RoC / Registrar of Companies	Registrar of Companies, Gujarat, situated at Ahmedabad.
Stakeholders' Relationship Committee	The Stakeholders' Relationship Committee of our Board constituted in accordance with Regulation 20 of the SEBI (LODR) Regulations and Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.
Selling Shareholders	Sadashiv K. Shetty, Promoter, Chairman & Management Director, Babu K. Shetty and Vittala K. Bhandary
Statutory Auditor	The Statutory Auditor of our Company, being M/s. N. S. Shetty & Co., Chartered Accountants.

### Offer Related Terms

Term	Description
Acknowledgement Slip	The slip, document or counter foil issued by the Designated Intermediary(ies) to a Bidder as proof of registration of Bid / Bid cum Application Form.
Allot / Allotment /Allotted	Allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling shareholders pursuant to the Offer for Sale to successful Bidders.
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee(s)	Successful Bidder(s) to whom the Equity Shares are allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least ₹ 1,000 Lakhs, in accordance with the requirements specified in the SEBI (ICDR) Regulations.
Anchor Investor Allocation Notice	Notice or intimation of Allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares, and includes any device, intimation or notice sent to Anchor Investors in the event that the Offer Price is higher than the Anchor Investor Allocation Price
Anchor Investor Allocation Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Allocation Price will be decided by our Company in consultation with the Selling shareholders and the BRLM.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus.
Anchor Investor Bidding Date	One Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall be submitted, prior to or after which the members of the Syndicate will not accept any Bids from Anchor Investors and allocation to Anchor Investors shall be completed.
Anchor Investor Escrow Account	Accounts opened for the Issue to which funds shall be transferred by Anchor Investors.
Anchor Investor Pay-in Date	With respect to Anchor Investors, it shall be the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/Offer Closing Date.
Anchor Investor Portion	Up to 60% of the QIB Portion, which may be allocated by our Company, in consultation with the Selling shareholders and BRLM, to Anchor Investors, on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by an ASBA Bidder to make a Bid authorizing a SCSB to block the Bid amount in the ASBA Account maintained with the SCSB. <i>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 the investors shall apply through ASBA process only.</i>
ASBA Account	Account maintained with an SCSB and specified in the Bid-cum-Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid-cum-Application Form.
ASBA Bidders	All Bidders except Anchor Investors.

Term	Description
ASBA Form	A Bid-cum-Application Form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Banker to the Offer / Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI as banker to an issue and with whom the Public Offer Account will be opened, in this case being [●].
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in “Offer Procedure –Basis of Allotment” on page 315.
Bid	An indication to make an issue during the Bid/Offer Period by a Bidder pursuant to submission of the Bid-cum-Application Form, to subscribe to or purchase the Equity Shares at price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI (ICDR) Regulations in accordance with the Red Herring Prospectus and Bid-cum-Application form. The term “Bidding” shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid-cum-Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid-cum-Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Offer.
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Bids will not be accepted, which shall be notified in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Gujarati newspaper, Gujarati being the regional language in the place where our Registered Office is located), and in case of revision, the extended Bid/ Offer Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI (ICDR) Regulations.
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which Bids acceptance will be started, which shall be notified in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Gujarati newspaper, Gujarati being the regional language of Gujarat, where our Registered Office is located).
Bid/ Offer Period	The period between the Bid/ Offer Opening Date and Bid/ Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.
Bid-cum-Application Collecting Intermediaries / Designated Intermediaries	1. a SCSB with whom the bank account to be blocked, is maintained; 2. a syndicate member (or sub-syndicate member), if any; 3. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) (‘broker’); 4. a depository participant (‘DP’) (whose name is mentioned on the website of the stock exchange as eligible for this activity); 5. a registrar to an issue and share transfer agent (‘RTA’) (whose name is mentioned on the website of the stock exchange as eligible for this activity)
Bid-cum-Application form	The Anchor Investor Application Form or the ASBA Form, as the context requires being the form used by a Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus.
Bid Lot	[●] Equity Shares
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form and unless otherwise stated or implied, includes an ASBA Bidder and an Anchor Investor.
Bidding Centers	Centers at which at the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book Building Process, as provided in Schedule XI of the SEBI (ICDR) Regulations, 2009 in terms of which the Offer is being made.
Book Running Lead Manager / BRLM	The Book Running Lead Manager to the issue namely Guinness Corporate Advisors Private Limited.

Term	Description
Broker Centres	Broker centres notified by the Stock Exchange, where the Bidders can submit the Bid-cum-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 BSE Limited on the following link <a href="http://www.bseindia.com">www.bseindia.com</a> and National Stock Exchange of India Limited on the following link <a href="http://www.nseindia.com">www.nseindia.com</a> .
CAN / Confirmation of Allocation Note	The note or advice or intimation of Allocation of Equity shares sent to the successful Bidders who have been Allocated Equity Shares upon discovery of the Offer Price in accordance with the Book Building Process, including any revisions thereof.
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalized and above which no Bids (or a revision thereof) will be accepted.
Client ID	Client identification number maintained with one of the Depositories in relation to Demat account.
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.
Compliance Officer	The Company Secretary of our Company, Shivani Rohila
Controlling Branch/ Designated Branch	Such branch of the SCSBs which coordinate Applications under this Offer by the ASBA Applicants with the Registrar to the Offer and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Cut-off Price	Offer Price, finalised by our Company in consultation with the Selling shareholders and the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. No other category of Bidders is entitled to Bid at the Cut-off Price.
Demographic Details	The details of the Bidders/Applicants such as their address, PAN, occupation and Bank account Details.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid-cum-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 Bid-cum-Application Forms are available on the website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ).
Designated Date	The date on which the amount blocked by the SCSBs is transferred from the ASBA Accounts, to the Public Offer Account or the amount is unblocked in the ASBA Account, as appropriate, after the Offer is closed, following which the Equity shares shall be allotted to the successful Bidders.
Designated RTA Locations	Such centres of the RTAs where Bidder can submit the Bid-cum-Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ) and updated from time to time.
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/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus dated September 28, 2018, issued in accordance with section 26 and 32 of the Companies Act, 2013 and filed with SEBI, BSE and NSE.
Eligible NRIs	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring 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 Offer and in relation to whom the Red Herring 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.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid.
Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, [●].
Escrow Agreement	The agreement dated [●], 2018 entered into by our Company, the Selling Shareholders, the

Term	Description
	Registrar to the Offer, the BRLM, the Escrow Collection Bank(s) and the Refund Bank(s) for, inter alia, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Issue Account and where applicable, refunds of the amounts collected from the Anchor Investors, on the terms and conditions thereof.
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First/ Sole Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price will be finalised and below which no Bids (or a revision thereof) will be accepted.
Fresh Issue	The fresh issue of up to 34,84,000 Equity Shares aggregating up to ₹[●] lakhs by our Company.
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 “Offer Procedure – General Information Document for Investing in Public Issues” on page 295.
Gross Proceeds	The Offer Proceeds less the amount to be raised pursuant to the Offer for Sale by the Selling Shareholders.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and Stock Exchanges.
Materiality Policy	The policy on identification of Group Companies, material creditors and material litigation, adopted by our Board on August 31, 2018 in accordance with the requirements of the SEBI (ICDR) Regulations.
Monitoring Agency	[●]
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only.
Net Proceeds	Gross Proceeds less our Company’s share of the Offer expenses. For further information about use of the Offer Proceeds and the Offer expenses, refer “Objects of the Offer” on page 75.
Net QIB Portion	The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non-Institutional Bidders	All Bidders, 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 ₹2,00,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Net Offer comprising [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.
Offer / Public issue / Offer size / Initial Public issue / Initial Public Offer / Initial Public Offering / IPO	The initial public offering of up to 1,07,00,000 Equity Shares of face value of ₹10.00 each for cash at a price of ₹ [●] each, aggregating to ₹ [●] comprising the Fresh Issue and the Offer for Sale.
Offer Agreement / MoU	The agreement dated September 25, 2018 entered into amongst our Company, the Selling shareholders and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	The offer for sale of up to 72,16,000 Equity Shares by the Selling shareholders at the Offer Price aggregating up to ₹[●] lakhs in terms of the Red Herring Prospectus.
Offer Price	The final price at which Equity Shares will be Allotted to Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Allocation Price in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company in consultation with the Selling shareholders and the BRLM on the Pricing Date.
Offer Proceeds	The proceeds of this Offer that will be available to our Company and the Selling Shareholders.
Price Band	Any price between and including the Floor Price and the Cap Price and includes revisions thereof. The Price Band and the minimum Bid Lot for the Offer will be decided by our



Term	Description
	Company in consultation with the Selling shareholders and BRLM and will be advertised in all editions of [●] (which is a widely circulated English newspaper), in all editions of [●] (which is a widely circulated Hindi newspaper) and in the Gujarati Edition of [●] (which is a widely circulated Gujarati newspaper), Gujarati being the regional language of Gujarat, where our Registered Office is located).
Pricing Date	The date on which our Company in consultation with the Book Running Lead Manager, will finalise the Offer Price.
Prospectus	The Prospectus to be filed with the RoC for this Offer in accordance with the provisions of Section 32 of the Companies Act, 2013 and the SEBI (ICDR) Regulations, including any addenda or corrigenda thereto.
Public Offer Account	The account to be opened with the Banker to the Offer under Section 40 of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date.
Public Offer Account Agreement/ Banker to the Offer Agreement	Agreement entered on [●] amongst our Company, BRLM, the Registrar to the Offer and Public Offer Bank/ Banker to the Offer for collection of the Bid Amount on the terms and conditions thereof.
QIB Portion	The portion of the Offer being not more than 50.00% of the Net Offer, consisting of [●] Equity Shares, which shall be available for Allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price.
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations.
Red Herring Prospectus or RHP	The Red Herring Prospectus to be issued in accordance Section 26 and 32 of the Companies Act, 2013, and the provisions of the SEBI (ICDR) Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto.
Refund Account(s)	Accounts to which the monies to be refunded to the Bidders is transferred from the Public Offer Account in case listing of the Equity Shares does not occur.
Refund Bank(s) / Refund Banker(s)	Bank which is/are clearing member(s) and registered with the SEBI as Bankers to the Offer at which the Refund Account will be opened, in this case being [●].
Refund through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable.
Registered Brokers	The stock brokers registered with the stock exchange having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of circular number CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
Registrar Agreement	The Agreement between the Registrar to the Offer and the Issuer Company dated September 25, 2018, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
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 Offer	The Registrar to the Offer being Bigshare Services Private Limited.
Retail Individual Bidder(s) / Retail Individual Investor(s) /RII(s) / RIB(s)	Bidders (including HUFs, in the name of Karta and Eligible NRIs) whose Application Amount for Equity Shares in the Offer is not more than ₹ 2,00,000/-.
Retail Portion	The portion of the Offer being not less than 35.00% of the Net Offer comprising [●] Equity Shares which shall be available for allocation to Retail Individual Bidders) in accordance with the SEBI (ICDR) Regulations, subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
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 www.sebi.gov.in and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Share Escrow Agreement	The agreement dated [●], 2018 entered into among the Selling Shareholders, our Company, the BRLM and the Escrow Agent in connection with the transfer of Equity

Term	Description
	Shares under the Offer for Sale by the Selling shareholders and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding centres where the Syndicate shall accept Bid-cum-Application form.
Sub-Syndicate members	A SEBI Registered member of BSE & NSE appointed by the BRLM and/or Syndicate Member to act as Sub-Syndicate Member in the Offer.
Syndicate Agreement	The agreement dated [●] entered amongst our Company, BRLM and the Syndicate Member(s), in relation to the collection of Bids in this Offer.
Syndicate Member(s)/ Members of Syndicate	Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, namely BRLM and [●].
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate, or the SCSB (only on demand), to the Bidder as proof of registration of the Bid.
Underwriters	Guinness Corporate Advisors Private Limited and [●].
Underwriting Agreement	The agreement dated [●], 2018 entered into between the Underwriters and our Company.
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(zn) of the SEBI (ICDR) Regulations.
Working Day(s)	“Working Day” means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchange, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

#### Technical / Industry Related Terms / Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF(s)	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS / Accounting Standards	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
BIFR	Board of Industrial and Financial Reconstruction
Bn	Billion
BRLM	Book running lead manager
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
CA	Chartered Accountant
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
CC	Cash Credit
CCFI	The Crop Care Federation of India
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CEO	Chief Executive Officer

Term	Description
CFO	Chief Financial Officer
CIBRC	Central Insecticides Board and Registration Committee
CIN	Company Identification Number
CIT	Commissioner of Income Tax
CIT(A)	Commissioner of Income Tax (Appeals)
CLRA	Contract Labour (Regulation and Abolition) Act, 1979
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 August 28, 2017, 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
Copyright Act	The Copyright Act, 1957
CS	Company Secretary
CSR	Corporate Social Responsibility
DB	Designated Branch
Depositories Act	Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time, being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act, 1996
DGFT	Directorate General of Foreign Trade
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
EBIDTA	Earnings before interest, depreciation, tax, amortization and extraordinary items
ECB	External Commercial Borrowings
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
Environment Protection Act	Environment Protection Act, 1986
EPF Act	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPFO	Employees' Provident Fund Organisation
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
ESIC	Employees' State Insurance Corporation
ESOP	Employee Stock Ownership Plan
ESPS	Employee Stock Purchase Scheme
F&O	Futures and Options
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 Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time
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
FIs	Financial Institutions

Term	Description
FMC	Forward Market Commission
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.
FTA	The Foreign Trade (Development and Regulation) Act, 1992
FTP	Foreign Trade Policy
FV	Face Value
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors), 2000, as amended from time to time
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
GLP	Good Laboratory Practices
GPCB	Gujarat Pollution Control Board
GST	Goods & Services Tax
GVA	Gross Value Added
HNI	High Net worth Individual
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
IMF	International Monetary Fund
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
IPR	Intellectual Property Rights
ISIN	International Securities Identification Number
ISO	International Standards Organization
IT Act	Income Tax Act, 1961 as amended from time to time except as stated otherwise
IT Authorities	Income Tax Authorities
IT Rules	Income Tax Rules
JV	Joint Venture
KMP	Key Managerial Personnel
KW	Kilo Watt
L/C	Letter of Credit
LIBOR	London interbank offered rate
Ltd.	Limited
MAPIN	Market Participants and Investors' Integrated Database
MCA	The Ministry of Corporate Affairs, GoI
MCI	Ministry of Commerce and Industry, GoI
MD	Managing Director
MICR	Magnetic Ink Character Recognition
Mn	Million
MNC	Multi National Company
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 India (Mutual Funds) Regulations, 1996
NA	Not Applicable

Term	Description
NAV	Net asset value
NBFC	Non-Banking Finance Company
NCLT	National Company Law Tribunal
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate of the paid-up share capital, securities premium account and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and debit balance of the profit and loss account
NIFTY	National Stock Exchange Sensitive Index
No.	Number
NOC	No Objection Certificate
Non Resident	A person resident outside India, as defined under FEMA Regulations and includes a Non-resident Indian
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
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
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
NWR	Negotiable Warehouse Receipt
OD	Overdraft
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>
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent account number
PAT	Profit after tax
Patents Act	Patents Act, 1970
PBT	Profit Before Tax
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
POA	Power of Attorney
PPP	Public private partnership
Pvt./(P)	Private
QFI(s)	Qualified Foreign Investor(s) as defined under the SEBI FPI Regulations
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934 , as amended from time to time
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 (FII) Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995

Term	Description
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
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 Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, 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 (VCF) Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI (AIF) Regulations
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
Sec.	Section
Securities Act	The U.S Securities Act as amended from time to time
SENSEX	Bombay Stock Exchange Sensitive Index
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME	Small and Medium Enterprise
SSI	Small Scale Industry
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TPH	Tonnes per hour
Trademarks Act	The Trademarks Act, 1999
TRS	Transaction Registration Slip
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act, 1933
u/s	Under Section
UIN	Unique Identification Number
UOI	Union of India
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
VAT	Value Added Tax
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
w.e.f	With effect from
Water Act	Water (Prevention and Control of Pollution) Act, 1974
WDV	Written Down Value
WTD	Whole-time Director
YoY	Year over year

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

### **Certain Conventions**

In this Draft Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Heranba Industries Limited” and “HIL”, unless the context otherwise indicates or implies, refers to Heranba Industries Limited.

### **Page Numbers**

Unless otherwise stated, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

### **Financial Data**

Unless the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Ind AS Summary Statements for Fiscal Years 2018, 2017 and 2016 and the Restated Indian GAAP Summary Statements for the Fiscal Years 2015 and 2014.

On February 16, 2015, the Ministry of Corporate Affairs, Government of India (“MCA”) issued the Ind AS Rules for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The Ind AS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with Ind AS. Further, SEBI issued a circular (no. SEBI/HO/CFD/DIL/CIR/P/2016/47) dated March 31, 2016, which provides certain clarifications on the accounting framework to be applied by issuer companies filing draft offer documents with it. We have transitioned to the Ind AS accounting standards with effect from April 1, 2016 for the purpose of inclusion in the Draft red Herring Prospectus.

Indian GAAP and Ind AS differ from accounting principles with which prospective investors may be familiar in other countries, including International Financial Reporting Standards (“IFRS”) and the Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). Accordingly, the degree to which the Restated Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices. Any reliance by persons not familiar with Indian GAAP, Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify the impact of the IFRS or the U.S. GAAP on the Restated Financial Statements included in this Draft Red Herring Prospectus, nor have we provided a reconciliation of our Restated Financial Statements to those under the US GAAP or the IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial statements.

Our Company’s fiscal year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular fiscal year (referred to herein as “Fiscal”, “Fiscal Year” or “FY”) are to the 12 months period ended March 31 of that particular year, unless otherwise specified.

Unless otherwise stated, all the figures in this Draft Red Herring Prospectus have been presented in lakhs or in whole numbers wherever required. One lakh represents 1,00,000. Certain figures contained in this Draft Red Herring Prospectus, including our financial statements, have been subject to rounding-off adjustments. All decimals have been rounded off to two decimal points. In this Draft Red Herring Prospectus, any discrepancies in any table between the sums of the amounts listed in the table and totals are due to rounding off. 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 Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

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

In this Draft Red Herring 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 ‘Lakhs’ 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 Red Herring Prospectus, unless otherwise indicated, have been calculated based on our Restated Financial Statements.

### **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Draft Red Herring 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.

In accordance with the SEBI (ICDR) Regulations, "*Basis for the Offer Price*" on page 80 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLM have independently verified such information.

Although, our Company believes that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Further, the extent to which the industry and market data presented in this Draft Red Herring 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 Red Herring 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 Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in this Draft Red Herring 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, 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, refer “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 18, 99 and 232 respectively.

Forward-looking statements reflect our views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on the currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, Promoters, Directors, the Selling Shareholder, the BRLM or their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company will ensure that investors in India are informed of material developments from the date of registration of the Red Herring Prospectus with the RoC until the date of Allotment. The Selling shareholders will ensure that investors are informed of material developments in relation to the statements and undertakings expressly made by the Selling shareholders in this Draft Red Herring Prospectus until the date of Allotment.

## SECTION II - RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. This section should be read in conjunction with “Industry Overview”, “Our Business”, “Financial Information”, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 86, 99, 168 and 232, respectively, before making an investment decision in relation to the Equity Shares.*

*The risks and uncertainties described in this section are not the only risks that are relevant to us or the Equity Shares. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, cash flows and financial condition. If any of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, results of operations, cash flows and financial condition could be adversely affected and the trading price of the Equity Shares could decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors described below. However, there are certain risk factors where such implications are not quantifiable, and hence any quantification of the underlying risks has not been disclosed in such risk factors.*

*In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

*This section contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See “Forward-Looking Statements” on page 17.*

### Risks Relating to Our Business and Industry

- There are outstanding legal proceedings against our company, certain Directors and Group Companies which may adversely affect our business, financial condition and results of operations.***

There are proceedings pending at different levels of adjudication before various courts, enquiry officers and appellate forums. Such proceedings could divert management time, attention and consume financial resources in their defence. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations. For details in relation to certain material litigation, please see the section entitled “Outstanding Litigation and Material Developments” beginning on page 253. A summary of the outstanding proceedings against our Company and Group Companies as disclosed in this Draft Red Herring Prospectus, to the extent quantifiable, have been set out below:

#### *Litigation against our Company*

<b>Nature of proceedings</b>	<b>Number of outstanding cases</b>	<b>Amount involved (₹ in lakhs)</b>
Civil	5	9.66
Direct Tax	1	190.49
Indirect Tax	6	1,851.22

#### *Litigation against our Promoters and Directors*

<b>Nature of proceedings</b>	<b>Number of outstanding cases</b>	<b>Amount involved (₹ in lakhs)</b>
Direct Tax	1	4.48

#### *Litigation against our Group Companies*

<b>Nature of proceedings</b>	<b>Number of outstanding cases</b>	<b>Amount involved (₹ in lakhs)</b>
<i>Shakti Bio Science Limited</i>		
Criminal	8	204.78
Civil	4	3,758.24
<i>Nirmit Mercantile Private Limited</i>		

Civil	1	267.12
<i>Sanurag Trading Private Limited</i>		
Civil	1	237.30
<i>Dhairya Mercantile Private Limited</i>		
Civil	3	1,245.62

Decisions in such proceedings adverse to our interests may affect our reputation and standing and may have a material adverse effect on our business, results of operations and financial condition. For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 253 of this Draft Red Herring Prospectus.

**2. *One of our Group Company, Shakti Bio Science Limited was declared as “Wilful Defaulter”.***

One of our Group Company, Shakti Bio Science Limited was declared as “Wilful Defaulter” by The Cosmos Co-Op Bank Limited during March 2017. The Cosmos Co-operative Bank Limited (“Claimant”) has initiated an arbitration proceeding bearing Arbitration Reference No. ARB/COS/04/2016 before the Arbitral Tribunal constituted under Section 84(4) of Multi State Co-Op. Societies Act, 2002 (“Act”) against Shakti Bio Science Limited, Sadashiv Shetty, Sujata Shetty, Shreya Shetty, Pradeep Manek and Malti Manek (collectively the “Opponents”) under Section 84 of the Act read with section 23 of the Arbitration and Conciliation Act, 1996 seeking award for outstanding balance dues of ₹4,857.99 lakhs along with further interest at 16% p.a. till date of payment towards recovery of loan amounts and interest thereon for the various financial facilities extended by the Bank to Shakti Bio Science Limited. The parties have filed Consent Terms before the Arbitrator on April 19, 2018 whereby it has been agreed between the parties that (1) the Opponents shall pay ₹36.79 crores (together with interest @10% thereon from March 27, 2018) in thirteen instalments last being due on or before March 31, 2019; (2) the properties mortgaged and hypothecated as well as the personal guarantee of the directors and guarantors shall remain the same and will be released only after receipt of the entire agreed amount along with interest by the Claimant; (3) both the parties shall withdraw any litigation / suit / dispute / proceeding filed against each other as disputes are amicably settled. Our company has paid Rs. 1690.90 lakhs till September 28, 2018. The matter is pending. However, currently the name of our Group Company is not appearing as wilful defaulter in the list for quarter ended March 31, 2018. For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 253 of this Draft Red Herring Prospectus.

**3. *One of our Promoter, Raghuram K. Shetty was directed not to buy, sell or deal in the securities of Alka Securities Limited in any manner.***

SEBI, by way of an ex-parte interim order dated July 28, 2009 had directed One of our Promoter, Raghuram K. Shetty, 2<sup>nd</sup> level entity, not to buy, sell or deal in the securities of Alka Securities Limited in any manner, till further directions in this regard (the "Interim Order"). As per the preliminary findings of SEBI, the promoter of Alka Securities Limited, 1st level entities (42 entities) and 2nd level entities (317 entities), jointly and severally, have prima facie violated the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation 1992, Listing Agreement and Securities and Exchange Board of India (Acquisition of Shares and Takeovers) Regulations, 1997. The interim order was further confirmed by way of a separate orders dated October 16, 2009 and October 30, 2009 (the "Confirmatory Orders"). Further, by way of an order dated September 10, 2012, SEBI has revoked its directions issued by way of the Interim and Confirmatory Orders with immediate effect.

**4. *We require to obtain, maintain and/or renew certain registrations, approvals, licenses and permission in ordinary course of our business, and if we fail to do so, in a timely manner or at all, we may be unable to fully or partially operate our businesses and our results of operations may be adversely affected.***

We require certain approvals, licenses, registrations and permissions for our operations. For further details, please refer to section titled "Government and Other Approvals" beginning on page 261 of this Draft Red Herring Prospectus. While, we believe we will be able to obtain, maintain and renew such approvals or permits as required, there can be no assurance that we can do so in the timeframes anticipated by us, or at all. If we fail to obtain, maintain or renew any of these approvals or permits in a timely manner or at all, our operations and expansion plans may be interrupted, which could adversely affect our growth strategy, business and results of operations. Furthermore, our approvals and permits are subject to numerous conditions, some of which are onerous and require us to make substantial expenditures. If we fail to comply or a regulator alleges that we have not complied with these conditions, our business and results of operations could be adversely affected.

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

(₹ in lakhs)			
Cash flow from	March 31, 2018	March 31, 2017	March 31, 2016
Investing activities	(2,468.62)	(602.20)	(724.42)
Financing activities	(2,580.37)	(2,503.56)	(796.01)

The above negative cash flows are as per IND AS restated financial statements. Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details please refer to the section titled 'Financial Information' and chapter titled 'Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements' beginning on pages 168 and 232 respectively, of the Draft Red Herring Prospectus.

**6. We have certain contingent liabilities that have not been provided for in our Company's financials, which if realised, could adversely affect our financial condition.**

Our contingent liabilities as at March 31, 2018, were as follows:

(₹ in lakhs.)			
Particulars	31.03.18	31.03.17	31.03.16
<b>A. Claims against our company not acknowledged as debts</b>			
Guarantees issued by bank	427.84	581.89	544.97
Disputed Excise Duty/ Custom Duty Demands	1851.22	1851.22	1851.22
Disputed Income Tax Liability	190.49	190.49	190.49
Claims not acknowledged as debts by our company	0.00	0.00	130.00
Bill Discounting	1473.02	2456.77	1977.17
<b>B. Commitments</b>			
Estimated amount of contracts remaining to be executed in Capital Account and not provided for (Net of Advance)	789.22	303.36	19.47

We cannot assure you that any or all of these contingent liabilities will not become direct liabilities. In the event any or all of these contingent liabilities become direct liabilities, it may have an adverse effect on our financial condition and results of operations.

**7. Our operations are subject to environmental, workers' health and safety and employee laws and regulations. We may incur material costs to comply with, or suffer material liabilities or other adverse consequences as a result of, environmental laws and regulations which may have a material adverse affect on our business, financial condition and results of operations.**

Our operations are subject to extensive environmental and hazardous waste management laws and regulations in India, including the Environmental Protection Act, 1986, as amended (the "Environment Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended (the "Air Act"), the Water (Prevention and Control of Pollution) Act, 1974, as amended (the "Water Act") and other regulations promulgated by the MoEF and various statutory and regulatory authorities and agencies in India. The agro chemical intermediates industry is subject to strict regulations with respect to a range of environmental matters including limitations on land use, including forest land, licensing requirements; management of materials used in manufacturing activities; the storage of inflammable and hazardous substances and associated risks; the storage, treatment and disposal of wastes; remediation of contaminated soil and groundwater; air quality standards; water pollution; and discharge of hazardous materials into the environment. The discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities towards the government and third parties, and may result in our incurring costs to remedy any such discharge or emissions.

The impact of these laws and regulations, or any changes to such laws or regulations, may be significant and may delay the commencement of, or cause interruptions to, our operations. We may not have complied with all such applicable environmental laws and regulations in the past and in the future may not comply with applicable laws and regulations.

Our manufacturing units are being inspected on regular basis by the Gujarat Pollution Control Board and we have been receiving notices from such regulating authorities for contravention of the provisions of the Air Act / Water Act. We have in the past received closure notices from GPCB for our manufacturing units on inspection by GPCB officials. We have been complying with / rectifying such lapses on regular basis and on verification by GPCB officials such closure notices have been revoked, however we may incur, and expect to continue to incur, significant capital and operating costs to comply with these requirements, including various provisions made for environmental related expenditure. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on our financial condition and results of operations. Environmental laws and regulations in India have become increasingly stringent, and it is possible that they will become significantly more stringent in the future. If any of our units or the operations of such units are shut down, we may continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which may continue even if the facility is closed. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations may impose new liabilities on us or result in the need for additional compliance requirements and additional investment in environmental protection equipment, either of which could adversely affect our business, financial condition or prospects.

**8. *Products sold by our Company are subject to independent verification by Government agencies on a sample check basis and any nonconformity with the prescribed standards may lead to adverse impact on our business.***

Quality of Pesticides products manufactured in India is open to independent verification by Government agencies. Government agencies carry out surprise sample checking of our product for their contents. In case, the content in the sample does not comply with the quality norms prescribed by the Government, or does not match with the contents as mentioned on our packaging, it could lead to issuance of show cause notices. For details of pending show cause notices issued to our company under Insecticides Act, please refer to section titled “Outstanding Litigation and Material Developments” on page 253 of this Draft red Herring Prospectus. Any failure on quality control by our Company could lead to suspension of sales of those batches and /or product in that particular state or our products being banned for sales. In past our Company has not faced any suspension/ ban on sale of any product due to such reasons. However the same cannot be guaranteed for future. Any such events are likely to impact our business.

**9. *We are receiving certain export benefits, which may not be available to us in the future. Loss of these benefits in the future may result in a decrease in our margins, which could in turn result in a material adverse effect on our business, financial condition and results of operations.***

We benefit from several export promotion schemes of the central Government, including the Duty Entitlement Pass Book, which provide certain incentives such as neutralisation of custom duties levied on imported content of export product by way of credits against export products used to manufacture export products. Further these credits can be transferred to other importers for a consideration. Incomes from such sources constitute a substantial portion of our income from other operating activities. There can be no assurance that these incentives will continue in the future. The non-availability of these incentives could adversely affect our business, financial condition, results of operations and prospects.

**10. *Our Promoters and Directors have interest in certain of our Group Entities/ Companies, which have objects similar to our Company, which may create a conflict of interest. Further we do not enjoy contractual protection by way of a non-compete or other agreement or arrangement with such Group Entities/ Companies.***

Our Promoters and Directors are promoters / directors of our Promoter Group Companies namely, Heranba Agro Science Limited, Shakti Bio Science Limited and Heranba Crop Care Limited which have objects similar to our Company. As these entities do not have any non-compete agreements in place amongst themselves, there is a conflict of interest between our Company and the said Promoter Group Companies. For further details please refer to the chapters titled ‘Our Promoters and Promoter Group’ and ‘Our Group Companies’ beginning on page 154 and 158 respectively of the Draft Red Herring Prospectus.

**11. *Our Company does not have long-term agreements with any of our customers for purchasing its products and is subject to uncertainties in demand. There is no assurance that these customers will continue to purchase our products from us or that they will not scale down their orders. This could impact financial performance of our Company.***

Our Company has been dealing with some of our customers for several years, we do not have any long term agreements with majority of our customers. As a result, our customers can terminate their relationships with us due to a change in preference or any other reason on immediate basis, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our products. Our Company's customers have no obligation to place order with us and may either cancel, reduce or delay orders. The orders placed by our Company's customers are dependent on factors such as the customer satisfaction with the level of service that our Company provides, fluctuation in demand for our Company's products, customer's inventory management, amongst others.

Although, we have a strong emphasis on quality, timely delivery of our products and personal interaction by the top management with the customers, any change in the buying pattern of buyers can adversely affect the business of our Company.

**12. *Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and / or surplus of products, which could harm our business.***

We monitor our inventory levels based on our own projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we must make production decisions well in advance of sales. An inaccurate forecast of demand for any product can result in the unavailability / surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially and ultimately create write-offs of inventory. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

**13. *Our sales are to a large extent dependent on the overall area under cultivation, the cropping pattern adopted by the farming community in India, lack of monsoon and overall general weather conditions in India.***

Our Company derives majority of sales from major pesticides consuming crop like Paddy, Cotton, Sugarcane, Wheat etc. Any significant reduction in the area under cultivation in these crops may significantly reduce the demand for our products. Also the demand of our products is dependent on the cropping pattern which may vary year on year for these major crops. Any significant changes in the cultivable area and the cropping pattern in India of these crops may impact our sales and profitability. Further, the demand of our products is also dependent on the monsoon conditions and general weather conditions in India. Lack of monsoon in a particular year may result in the decline in demand for our products. Sales of agrochemical products in the domestic Indian retail market are seasonal due to the monsoon. In particular, demand for pesticides is generally higher during the monsoon season. Demand by domestic customers for our agrochemical products is also affected by weather conditions in India such as droughts, excessive rainfall and cyclones or other natural calamities such as fires, floods and earthquakes. The unpredictable effects of monsoonal weather in India, including flooding, droughts and subsequent damage to crops significantly affects crop production in India as they can be more severe than those in other countries. Any adverse weather conditions in India, or an inability to predict and plan for such adverse weather conditions, could affect farmers' decisions about the types and the quantum of crops to plant, and may lead to an adverse effect on the sales of our products, which could have an adverse effect on our business, financial condition and results of operations. Similarly in some seasons there may be stable general weather conditions and such conditions may result in decline in pest infestation and thereby resulting in decline in demand for our products. Any significant changes in the above factors may impact our sales and profitability.

**14. *Quality concerns and negative publicity, if any, would adversely affect the value of our brand, and our sales.***

Our business is dependent on the trust our customers have in the quality of our products as well as on our ability to protect our brand value. Any negative publicity regarding our Company, brands or products, including those arising from a drop in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation, our brand value, our operations and our results from operations.

**15. *We operate in an unorganized industry and face significant competition. Our inability to compete effectively, market our products relative to our competitors may lead to lower market share and adversely affect our operations and profitability.***

Our Company sells its products in highly competitive markets and faces competition; however it is not possible to compute the present market share of our Company since the Indian agrochemical industry is largely an unorganised

industry and there are no reliable source / report which carries this data on market share. Further, the competition in these markets is based primarily on demand creation and as a result, to remain competitive in our markets, we must continuously strive to effectively market our products. In each of our markets, we face competition primarily from the unorganized market, Indian corporates and MNCs. In the event of price competition from our competitors, we may be required to reduce the price of our products while maintaining quality standards and our Company may not always be able to do so. Some of our competitors may have greater financial resources, generate higher revenues, and therefore, be able to better respond to market changes and shifts in consumer spending patterns and changes in consumer sentiments and tastes. They also may be in a better position than us to sustain losses in revenue due to pricing pressures. Accordingly, we cannot be certain that we will be able to compete effectively with these competitors or that we will not lose customers to these competitors. If we are not able to compete effectively, our business, results of operations and financial condition could be adversely affected.

***16. We have referred to the data derived from internal Company reports and industry and government publications, publicly available information and sources.***

Unless stated otherwise, industry and market data used throughout this Draft Red Herring 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 Red Herring Prospectus is reliable, it has not been independently verified. Further, the extent to which the industry and market data presented in this Draft Red Herring 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.

***17. Our ability to introduce new products is dependent on getting the approval for manufacturing and/or selling under Insecticides Act.***

As per Section 9 of the Insecticides Act, any person desiring to import or manufacture any insecticides may apply to registration committee (Central Insecticides Board and Registration Committee) for registration of such insecticides and there shall be separate registration for each insecticide. Our Company has duly obtained the registration under the Insecticides Act, 1968, for manufacturing pesticides at our Units. For details of approval our Company has for manufacturing various products, please refer to section “Government and Other Approvals” on page 261. Our ability to introduce new products either developed in house or imported from elsewhere is subject to getting these registrations. As part of our strategy, we propose to launch new formulations and generic active ingredients, primarily, pursuant to our own registrations from time to time. The process of seeking registrations for any formulation or generic active ingredient is complex, expensive and time consuming. If we are unable to successfully obtain registrations in a timely manner or at all, we may lose the market opportunities which may result in our delay or failure to recover the costs incurred towards seeking registrations and other related activities and may adversely affect our operations and profitability. Over a long period of time pests develop immunity to the pesticides used. Hence inability to launch new products to overcome such immunity will affect our business.

***18. Our products may become ineffective in the long term.***

From empirical tests and data, it is well documented that over a period of time pests develop immunity to the pesticides which are used constantly. Hence over a period of time the pests may develop immunity for our products. We may be required to change the chemical formula of our products and/or develop new products, which may not be as effective against the pests, which may adversely affect our business operations and our reputation. Development and registration of new products is a time consuming process and may put a strain on our financial resources.

***19. Many of the materials produced at our factories are hazardous in nature. In the event of any accidents involving any such hazardous materials and substances, our Company may be held liable for subsequent damages and litigations.***

Improper or negligent handling while manufacturing and/or storing hazardous material and/or substances at our units may cause personal injury or loss of life and may further lead to severe damage or destruction to property or equipment and environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. All our product are packed with instructions about the optimum dosage and usage method. However any wrong usage of our pesticide by any farmer could damage his crop, which could raise questions on our

product quality and tarnish our brand Image. Further, we depend on third party carriers' capability to transport these hazardous materials/substances. Any mishandling of hazardous substances by these carriers could affect our business adversely and may impose liabilities on our Company. Liabilities incurred as a result of these events have the potential to adversely impact our financial position.

**20. *Fluctuations in the availability and quality of raw materials could cause delay and increase costs.***

The availability of raw materials may fluctuate significantly, depending on many factors including transportation and weather patterns. For details of raw materials used by us please refer to paragraph titled "Raw Materials" under chapters titled 'Our Business' beginning on page 99 respectively of the Draft Red Herring Prospectus. Though we cover purchases on a monthly basis, we are still exposed to and will have to absorb any fluctuations in the prices including that of crude oil. We do not and will not have control over the factors affecting prices for crude oil. Historically, international prices for crude oil have been volatile and have fluctuated widely in response to changes in many factors. Such fluctuations in the prices of crude oil may result in fluctuations in the cost of our raw materials which in turn may have a material adverse effect on our results of operations.

Any material shortage or interruption in the supply or decrease in the quality of raw materials due to natural causes or other factors could result in increased production costs that we may not be able to pass on to our customers, which in turn would have a material adverse effect on our margins and results of operations.

Further, our suppliers of other raw materials may allocate their resources to service other clients ahead of us. While we believe that we could find additional vendors to procure other raw materials, any failure of our suppliers to deliver such raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our production processes and our ability to deliver orders on time and at the desired level of quality. As a result, we may lose customers, which could have a material adverse effect on our business, financial condition and results of operations.

**21. *Raw materials constitute a significant percentage of our Company's total expenses. Any increase in prices and any decrease in the supply would materially adversely affect our Company's business.***

Raw materials constitute a significant percentage of the total expenses of our Company. The cost of materials consumed accounted for 66.23%, 69.46% and 67.18% of total income in each of the Financial Years 2018, 2017 and 2016 respectively. Any increase in the price of raw materials, which our Company is unable to pass on the impact of, would have a material adverse effect on our Company's business. We are exposed to the price risk associated with purchasing our raw materials, which form the highest component of our expenses. We typically do not enter into formal arrangements with our vendors. Therefore, fluctuations in the price and availability of raw materials may affect our business and results of operations. We do not currently engage in any hedging activities against commodity price risk. Any material shortage or interruption in the domestic and international supply or decrease in the quality of raw materials due to natural causes or other factors could result in increased production costs that our Company may not successfully be able to pass on to customers, which in turn would have a material adverse effect on our Company's business.

**22. *We are a labour intensive industry and hence may face labour disruptions and other planned and unplanned outages that would interfere with our operations.***

Our Company's activities are labour intensive. Strikes and other labour action may have an adverse impact on our operations, though we have not experienced any such labour disruption in the past. We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Also, the third-party suppliers of raw materials, which we use may experience strikes or other industrial action. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. For further details, please refer to the paragraph titled 'Manpower' under chapter titled 'Our Business' beginning on page 99 of the Draft Red Herring Prospectus. In addition, work stoppages, refurbishments, installation of new plants, accidents or sustained bad weather at our operations could result in production losses and delays in delivery of our products, which may adversely affect our operations and profitability. Production may also fall below historic or estimated levels as a result of unplanned outages.

**23. *Unfavourable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition.***



As an agri-based company, our businesses are sensitive to weather conditions, including extremes such as drought and natural disasters. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Adverse weather conditions may also cause volatility in the prices of commodities, which may affect growers' decisions about the types and quantum of crops to plant and may consequently affect the sales of our pesticides and agro chemicals. Consequently, the occurrence of any such unfavourable weather patterns may adversely affect our business, results of operations and financial condition.

**24. *The loss resulting from shutdown of operations at any of our units could have an adverse effect on our Company.***

Our units are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents. Our units use complex equipment and machinery, and the breakdown or failure of equipment or machinery may result in us having to make repairs or procure replacements which may require considerable time and expense. Although our Company have not had such incident in the past and while we have insurance cover for both our facilities, including for loss of profit due to accidental shut down, the same may not be adequate to cover the loss in business. Although we take precautions to minimise the risk of any significant operational problems at our units they could have adverse effect on our financial performance.

**25. *Our business is dependent on our manufacturing facilities, the majority of which are geographically located in one area, Gujarat. Any loss or shutdown of operations at any of our manufacturing facilities in Gujarat may have an adverse effect on our business and results of operations.***

All our manufacturing facilities are based in Vapi, Valsad, Gujarat. As a result, if there is any localised social unrest, natural disaster or breakdown of services and utilities in Gujarat, it may affect our business adversely. Further our manufacturing activities are subject to operating risks, such as breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents etc. 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.

**26. *Our manufacturing Unit 4 has been leased to our Group Company, Heranba Agro Science Limited by GIDC. We are utilising the said plot of land without the payment of any rent to Heranba Agro Science Limited. In the event of termination of leases, our business and revenues may be materially adversely affected.***

The land for our manufacturing Unit 4 located at Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 117 P/ within Village limits of Chhiri, Taluka Pardi, District Valsad has been leased to our Group Company, Heranba Agro Science Limited by GIDC. We are utilising the said plot without the payment of any rent. Further the terms of the usage by us are also not formally defined. Any adverse impact on the leasehold rights of the Heranba Agro Science Limited, breach of the contractual terms of any leases or any inability to renew such agreements on acceptable terms may impede the effective future operations of our Unit IV. We cannot assure you that alternative premises will be available at the same or similar costs or locations, in a timely manner or at all. This may have an adverse impact on our business, operations and revenues.

**27. *We do not own our marketing office and any revocation or adverse changes in the terms of our leases may have an adverse effect on our business, prospects, results of operations and financial condition.***

We have entered into a lease agreement in respect of our Marketing Office situated at Office no. 301, Soni Shopping Centre, L. T. Road, Borivali West, Mumbai - 400 092, Maharashtra. This lease is valid until February 9, 2023. If the owner of the premises revokes the arrangements under which we occupy the premises or imposes terms and conditions that are unfavourable to us, we may suffer a disruption in our operations or have to pay increased rent, which could have a material adverse effect on our business, prospects, results of operations and financial condition. For further details, see the section titled "Business – Property" on page 123.

**28. *Under-utilisation of our manufacturing unit, which our Company proposes to expand may adversely impact our financial performance.***

Our Company intends to expand its production capacities based on our estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected order flow for our products, due to factors including adverse economic scenario, change in demand or for any other reason, our capacities may not be fully utilized thereby adversely impacting our financial performance.

**29. *Our Company is dependent on third party transportation providers for the supply of raw materials and delivery of our products and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations***

Our Company uses third party transportation providers for the supply of most of our raw materials and delivery of our products to our domestic customers. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on the supplies from our suppliers and deliveries to our customers. These transportation facilities may not be adequate to support our existing and future operations. In addition, raw materials and products maybe 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 results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our products to our customers may have an adverse effect on our business and results of operations.

Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair our ability to supply our products to our customers. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

**30. *Our Company may not be able to maintain or further develop its distribution network; the same can adversely affect our revenues.***

We sell our products with the help of a wide distribution network of branches, C & F agents and various dealers / distributors across India. In case we are not able to maintain our existing distribution network or to expand it further, can adversely affect our growth and revenues. In case we are not able to market our products or cater to our customers' requirements in a timely manner, it may affect our results of operation and financial condition adversely.

**31. *Our business and profitability will suffer if we fail to anticipate and develop new products and enhance existing products in order to keep pace with rapid changes in customer preferences and the industry on which we focus.***

The agrochemical business is characterized by constant product innovation due to rapid technological change, evolving industry standards. Creativity is one of the key attributes for success in our industry. To compete successfully in the industry, we must be able to identify and respond to changing demands and preferences, as well as operate within substantial production and delivery constraints. Changes in product mix impacts our operating results and our margins. We cannot assure you that our products will always gain buyer acceptance and we will always be able to achieve internationally competitive products to meet customer expectations. Failure to identify and respond to changes in consumer preferences could, among other things, limit our ability to differentiate our products, adversely affect consumer acceptance of our products, and lower sales and gross margins. Further, products, that are developed by our competitors may render our offerings non-competitive or force us to reduce prices, thereby adversely affecting our margins. Any of these factors could have a material adverse effect on our business and results of operations.

**32. *Product innovation and research and development (R&D) activities are an integral part of our business model. If our research and product development efforts are not successful, our business may be restricted which may in turn have an adverse effect on our business and financial condition.***

Product Innovation and Research and Development (R&D) activities are an integral part of our business model. Our Company needs to introduce new products and further expand into additional areas to remain successful in the future. Our Company's plans to introduce new products into markets and diversify the areas in which it operates may not be successful. Any material adverse developments with respect to the sale or use of our products, failure to successfully introduce new products or implement our expansion strategies, could have a material adverse effect on the business and financial condition of our Company. Further, new products currently under development, if and when fully developed and tested, may not perform as per our expectations and our Company may not be able to successfully and profitably produce and market such products, which may consequently restrict our business and affect our financial condition.

**33. *We are subject to risks arising from foreign exchange rate movements.***

Our exchange rate risk primarily arises from our foreign currency revenues, receivables, payables etc. We have significant revenues in foreign currencies especially US\$. The foreign exchange fluctuation affects both the revenues and expenditures in absolute terms when converted into Indian rupees. To this extent, the revenues and expenditures will be higher or lower depending on the depreciation or appreciation of Indian Rupee in foreign currency terms.

Our overseas revenue for Fiscal 2018 was 49.32% of our gross sales and the same of 35% of our gross sales for Fiscal 2017. The exchange rate between the Indian Rupee and the United States Dollar has been volatile in recent years and may fluctuate in the future. Therefore, changes in the exchange rate between the Indian Rupee and the US\$ may have a material adverse effect on our revenues, other income, operating costs and net income, which may in turn have a negative impact on our business, operating results and financial condition.

For further details please refer to the paragraph titled ‘*Foreign Exchange Risk*’ under the chapter titled ‘*Management’s Discussion and Analysis of Financial Condition and Results of Operations*’ beginning on page 232 of the Draft Red Herring Prospectus.

**34. *Any restriction or decline on exports to China, the country to which we export a substantial portion of our overseas revenues, or any other general restriction or curtailment on export of any products we manufacture, could adversely affect our business, financial condition and results of operations.***

At present, a substantial portion of our products are exported to China. Any restrictions, either from the central or state governments of India, or from China, on such exports may adversely affect our business, prospects, financial condition and results of operations. Other general restrictions or curtailment on export of any products we manufacture could adversely affect our business. Our exports revenue from China was ₹ 17,234.27 lakhs which was 46.89% of our total overseas revenues of ₹ 36,751.50 Lakhs during FY 2018. Any restrictions on the export of our products will have an adverse effect on our ability to sale these products, which could have an adverse effect on our business, prospects, and results of operation. There can be no assurance that such restrictions will not be imposed in the future, or that if such restrictions are imposed, we can find alternative countries to export our products. If, for any reason, our clients in China, Iran, Vietnam and Thailand, should curtail or discontinue their usage of products procured from us, or they find alternative vendors our revenues could be disrupted and our business, financial condition and results of operations could be adversely affected.

**35. *We have limited knowledge and records of documents relating to corporate actions undertaken by our Company prior to March 2001.***

Our Company was incorporated on March 17, 1992. We have been unable to trace some of documents pertaining to corporate, accounting, financial, legal and other statutory records, including any supporting documents and/or RoC filings for the period from incorporation in March 1992 up to March 2001. We are not able trace some of the transfer forms for the transfers made prior to March 2001. All this data has been derived from the statutory register of members and share transfer register maintained by our company. Further we are not able to trace the change of registered office prior to year 1994, from Flat No. 15, Nirmal Apartment, Anand Nagar, Chharwara Road, Vapi, Gujarat to 1505 GIDC Phase III Vapi, Dist-Valsad 396 195 Gujarat, India as we are unable to trace the ROC Form 18 and other records pertaining to the same. We cannot assure you that these form filings and corporate records will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authorities in this respect or incur additional expenses arising from our inability to furnish correct particulars in respect of the RoC filings or other corporate records or for any misrepresentation of facts which may occur as a result of the non-availability of relevant documents.

**36. *We have made Company Law related non-compliances in the past. We may be subject to regulatory action, including monetary penalty that may be imposed on us.***

We have in the past have done non-compliances in respect of certain company law related matters. In such a scenario, notices maybe issued upon our Company and fines or penalties may also be imposed upon our Company, which may adversely affect our business and operations from compliance perspective. There can be no assurance that no penal action will be taken against us by the relevant regulators with respect to such delay in filings. In the event that any adverse actions are taken against us, our results of operation could be adversely affected. The below mentioned is the list of non-compliances with regards to Companies Act, 2013:

1. Section 203 of Companies Act 2013 – Appointment of Company Secretary since FY 2015 when our paid-up capital exceeded ₹ 500.00 Lakhs.
2. In the bonus issue made on May 28, 2014, the date of EGM in the resolution attached with the Necessary form has been inadvertently mentioned as June 1, 2014.
3. Our Company was not having the optimum combination of independent and non-executive Directors in terms of Companies Act, 2013.
4. Section 177 of the Companies Act, 2013- formation of the Audit Committee and Nomination and Remuneration Committee. The Company did not had non- Executive directors and independent directors on the Board. Hence the Composition of the Audit Committee was not as per the requirement of The Companies Act, 2013. No Nomination and Remuneration Committee was formed by the Company. However On August 31, 2018, both the Audit Committee and Nomination and Remuneration Committee were formed in compliance of SEBI (LODR), Regulations and The Companies Act, 2013.

**37. *We have made allotment of 1,17,000 Equity shares on May 8, 2015 without compliance of section 42(6) of The Companies Act, 2013.***

The Company had made allotment of 53,500 Equity Shares to Sadashiv K. Shetty, 52,000 Equity Shares to Raghuram K. Shetty and 11,500 Equity Shares to Sujata S. Shetty on May 8, 2015. As per Section 42(6) of the Companies Act, 2013, the monies received on application shall be kept in a separate bank account in a scheduled bank and shall not be utilised for any purpose other than for allotment of shares. Our company has deposited the application money in Cash Credit Account which amounts to utilization of fund before the allotment of shares. The Contravention of the Provision of Section 42 shall attract penalty against our company, its promoters and Directors. In such a scenario, notices maybe issued upon our Company and fines or penalties may also be imposed upon our Company.

**38. *We have made violation of section 135 of The Companies Act, 2013 regarding Corporate Social Responsibility.***

As per The Provision of The Companies Act, 2013, Our Company is required to constitute Corporate Social Responsibility Committee and spend at least two percent of the Average net profit of our company made during the three immediately preceding financial years. Our Company had not constituted the Corporate Social Responsibility Committee as per requirement of the Companies Act, 2013 upto August 31, 2018. However our company had spent the expenditure for CSR of Rs. 17.50 lacs in FY 2015-16 against the amount of Rs. 21.18 required to be made FY 2014-15. During the FY 2015-16 our company had not spent any amount under CSR. During the FY 2016-17 our company was required to spend Rs 54.61 lacs against which our company had not spend any amount. . During the FY 2016-17 our company was required to spend Rs 54.61 lacs against which our company had not spend any amount. During FY 2017-18 our company has made an expenditure of Rs 26.06 lakhs under CSR while the total Amount required to be Spend was Rs. 61.32 lakhs

**39. *Our Company have in the past entered into related party transactions with our Promoters and Promoter Group Entities and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.***

Our Company has entered into related party transactions with our Promoters and Promoter Group Entities in the past. While our Company believes that all such transactions have been conducted on an arm's length basis and are accounted as per Accounting Standard 18, however there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further details please refer to the section titled '*Financial Information*' beginning on page 168 of the Draft Red Herring Prospectus.

**40. *Our success depends largely upon the services of our Promoters, Executive Directors and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.***

Our Chairman and Managing Director, Sadashiv K. Shetty and our whole time Director Raghuram K. Shetty have over the years built relations with suppliers, customers and other persons who are connected with us. Our Key Managerial Personnel have also substantially contributed for our growth. Our success is substantially dependent on the expertise and services of our Directors and our Key Managerial Personnel. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

**41. *Our agreements with various financial institutions for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.***

We have entered into agreements for short term and long term borrowings with certain financial institutions. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as to obtain either the prior written consent of such financial institutions or require us to give prior written intimation to such lenders, prior to, amongst other circumstances, creating further encumbrances on our assets, disposing of assets outside the ordinary course of business, paying dividends to our shareholders, undertaking guarantee obligations, alteration of our capital structure, raising of additional equity or debt capital, incurrence of indebtedness, undertaking any merger, amalgamation, restructuring or changes in management. Our ability to execute business plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be negatively impacted as a result of these restrictions and limitations. In the event that we breach a restrictive covenant, our lenders could deem us to be in default and seek early repayment of loans. An event of default would also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives. Although we have received consents from our lenders for the Issue, we cannot assure you that we will be able to receive such consents in future.

For further details, please refer to the section ‘*Financial Indebtedness*’ beginning on page 249 of the Draft Red Herring Prospectus.

**42. *Our Promoters and Directors have provided personal guarantees for our loans, and any failure or default by us to repay such loans in accordance with the terms and conditions of the financing documents could trigger repayment obligations, which may adversely affect our Promoters’ ability to manage our affairs.***

We have obtained loans in the ordinary course of business for the purposes of working capital and other business requirements. Our Promoters, Sadashiv K. Shetty, Raghuram K. Shetty and our Executive Directors Sujata S. Shetty and Vanita R. Shetty have given personal guarantees in relation to certain of our loans. For details, see “Financial Indebtedness” on page 249. In the event of default on the loans, the guarantees may be invoked by our lenders thereby adversely affecting our Promoters’ ability to manage our affairs and this, in turn, could adversely affect our business, prospects, financial condition and results of operations. Further, if any of these guarantees are revoked by our Promoters, our lenders may require alternate security or guarantees and may seek early repayment or terminate such facilities. We may not be successful in providing alternate guarantees satisfactory to the lenders, and as a result may be required to repay outstanding amounts or seek additional sources of capital. Any such event could adversely affect our financial condition and results of operations. For further details in relation to the personal guarantees provided by our Selling Shareholders, see “History and Certain Corporate Matters” on page 132.

**43. *We have not yet received the NOC from one of our lenders, Syndicate Bank.***

We have not yet received the NOC from one of our lenders, Syndicate Bank. We have obtained loans in the ordinary course of business for the purposes of working capital and other business requirements. The terms of these loans contain certain restrictive covenants including our Company shall not without the prior written permission of bank amend its Memorandum and Articles of Association or alter its capital structure or approach the capital market for meeting additional resources either in the form of debt or equity. If we do not receive the said NOC from Syndicate Bank at all or on time, we may not be able to complete our IPO plan at all or our IPO plan may be delayed. We may be forced to additional sources of capital. Any such event could adversely affect our financial condition and results of operations.

- 44. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in delay or abandonment of any or all of our business development plans and this may have an adverse effect on our business and results of operations.**

We may require additional funds in connection with future business expansion and development initiatives. In addition to the net proceeds of this offering and our internally generated cash flow, we may need other sources of funding to meet these requirements, which may include entering into new debt facilities with lending institutions or raising additional debt in the capital markets. If we decide to raise additional funds through the issuance of debt, our interest obligations will increase, and we may be subject to additional covenants. Such financing could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in delay or abandonment of any or all of our business development plans and this may have an adverse effect on our business and results of operations.

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

Our business requires significant amount of working capital. In many cases, significant amount of our working capital is required for purchasing and maintaining of stock of goods. Most of these materials are purchased locally or are imported. Though, presently we have sanctioned working capital limits from the existing bankers and one of the objects of the Issue is to meet our future working capital requirements, we may need to incur additional indebtedness in the future to satisfy our working capital needs. All these factors may result in increase in the quantum of our current assets and short-term borrowings. Our inability to obtain and / or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our financial condition and results of operations.

- 46. Our Company has issued Equity Shares in the one year immediately preceding the date of this Draft Red Herring Prospectus at a price which is lower than the Offer Price.**

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Percentage of Pre- Offer Equity Share Capital (%)	Percentage of Post- Offer Equity Share Capital (%)
July 9, 2018	3,12,45,224	10.00	N.A.	Nil	Bonus Allotment*	80.00%	73.45%

\*Our Company vide shareholders resolution passed at EGM dated July 9, 2018 issued 3,12,45,224 Equity Shares as bonus shares to the existing shareholders in the ratio of 4 (Four) Equity Share for every 1 (One) Equity Share held by capitalizing ₹31,24,52,240 out of the Securities premium / free reserves of our Company. Allotment of 1,25,52,528 Equity Shares to Sadashiv K. Shetty, 84,64,680 Equity Shares to Raghuram K. Shetty, 25,84,320 Equity Shares to Sujata S. Shetty, 16,14,400 Equity Shares to Vanita R. Shetty, 1,80,000 Equity Shares to Babu K Shetty, 60,000 Equity Shares to Shanta B Shetty, 7,20,216 Equity Shares to R. K. Shetty, 1,20,000 Equity Shares to Vithal Bhandary, 800 Equity Shares to Bhupendra Patel jointly with Raghuram K. Shetty, 800 Equity Shares to Jagdish Patel jointly with Sadashiv K. Shetty, 7,54,000 Equity Shares to Shreya Shetty, 2,56,480 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 11,04,000 Equity Shares to Raghuram K Shetty HUF, 11,41,000 Equity Shares to SAMS Industries Limited, 5,09,000 Equity Shares to Raunak Shetty, 6,74,000 Equity Shares to Shriraj Shetty and 5,09,000 Equity Shares to Roshan Shetty.

- 47. Members of our Promoter Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.**

After the completion of this Issue, our Promoters and Promoter Group will continue to hold 74.85% of the paid up Equity Share capital of our Company. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which

discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. We cannot assure you that our Promoter and members of our Promoter Group will act in our interest while exercising their rights in such entities, which may in turn materially and adversely affect our business and results of operations. We cannot assure you that our Promoter will act to resolve any conflicts of interest in our favour. If our Promoter sells a substantial number of the Equity Shares in the public market, or if there is a perception that such sale or distribution could occur, the market price of the Equity Shares could be adversely affected. No assurance can be given that such Equity Shares that are held by the Promoter will not be sold any time after the Issue, which could cause the price of the Equity Shares to decline.

**48. *Some of our Group Companies has incurred losses in the past, which may have an adverse effect on our reputation and business.***

The following companies, being our Group Companies, incurred a loss after tax as detailed below. For further details, see “Our Group Companies” on page 158.

(₹ in lakhs)

Name of Group Entity	Profit / (loss)		
	2018	2017	2016
SAMS Industries Limited	0.00	(5.53)	(0.47)
Heranba Agro Science Limited	(8.71)	(8.68)	(2.86)
Shakti Bio Science Limited	(287.70)	(1,880.10)	(426.73)

**49. *Increasing employee compensation in India may reduce our Company’s profit margins.***

Increase in compensation levels in India may negatively affect our profit margins. Employee compensation in India is currently increasing which could result in increased costs of production. Our Company may need to continue to increase levels of employee compensation to manage attrition. Any increases in the amount of compensation paid to our Company’s employees could have a significant effect on our costs, which may affect our position in our industry and have a material adverse effect on our business and financial operations.

**50. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and are also prohibited by the terms of our financing arrangements.***

Our Company has track of paying dividends since last five financial years. The amount of our future dividend payments, if any, will depend upon factors that our Board deems relevant, including among others, our results of future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

**51. *Our insurance cover may not adequately protect us against all material hazards.***

Our Company has various insurance policies covering stocks, building, furniture, plant and machinery, etc. We believe that we have insured ourselves against the majority of the risks associated with our business. Our significant insurance policies provide cover for risks relating to physical loss, theft or damage to our assets, as well as business interruption losses. While we believe that the policies that we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our results of operations and financial condition could be adversely affected.

**52. *Any changes in regulations or applicable government incentives would materially adversely affect our Company’s operations and growth prospects.***

Our Company is subject to regulations in India. Our Company’s business and prospects could be adversely affected by changes in any of these regulations and policies, or if any or all of the incentives currently available cease to be, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite approvals in the future for its operations or that compliance issues will not be raised in respect of its operations, either of which would have a material adverse affect on our Company’s operations and financial results.

For further details, please refer to the chapter titled ‘Key Industry Regulations and Policies in India’ beginning on page 126 of the Draft Red Herring Prospectus.

**53. *Any of our violation of the Metrology Act and the Metrology Rules may lead to fines and penalties, or seizure and forfeiture of our products which could adversely affect our business.***

Some of our products and the packaging of our products are required to comply with the standards of weight, measurement and numbers prescribed under the Metrology Act and the Metrology Rules. For details, see “Key Industrial Regulations and Policies in India” on page 126. If we fail to comply with such standards, or fail to obtain a license from the respective controller as mandated under the Metrology Act, or fail to obtain the verification of weights and measures by the government approved test centers under the Metrology Act, fines and penalties may be imposed on us. In addition, there could be seizure and forfeiture of our products, which could adversely affect our operations.

**54. *In the event of abnormal / exceptional circumstances, our Company may experience significant or material losses on account of bad debts, which would have a material adverse impact on our business, results of operations and financial condition.***

Normally, we deliver a significant portion of our products against future payment. The bad debts written off for the Fiscal 2018 were ₹ 1022.91 lakhs. In the event of certain abnormal / exceptional circumstances, there may be significant or material losses on account of bad debts, which would have a material adverse impact on our business, results of operations and financial condition.

**55. *The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds is entirely at the discretion of our management and as per the details mentioned in the section titled “Objects of the Issue”. Any revision in the estimates may require us to reschedule our expenditure and may have a bearing on our expected revenues and earnings.***

Our funding requirements and the deployment of the proceeds of the Issue are purely based on our management’s estimates and have not been appraised by any bank or financial institution. Our Company may have to revise such estimates from time to time and consequently our funding requirements may also change. Our estimates for the may exceed the value that would have been determined by third party appraisals and may require us to reschedule our expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our management. However Our Company shall appoint a monitoring agency in relation to the Fresh Issue as required under the SEBI ICDR Regulations prior to filing of the Red Herring Prospectus with the RoC. Our Board will monitor the utilisation of the Net Proceeds through its Audit Committee. Our Company will disclose the utilisation of Net Proceeds under separate head in our balance sheet along with relevant details for all sum amounts that have not been utilised

**56. *We have not made firm arrangements with any bank or financial institution for funding of our balance working capital requirements. The failure to obtain additional financing may adversely affect our ability to grow and our future profitability.***

Additional working capital requirement has been estimated at ₹ [●] lakhs for the Fiscal 2019, of which a amount of ₹ [●] lakhs would be funded out of the Issue Proceeds, whereas the balance amount i.e. ₹ [●] lakhs would be arranged out of internal accruals and/or loan funds. However, as on date of the Draft Red Herring Prospectus our Company has not made firm arrangements with any bank or financial institution for funding of our balance working capital requirements. Our Company cannot assure you that we will be able to raise such additional financing on acceptable terms in a timely manner or at all. Our failure to renew existing funding or to obtain additional financing on acceptable terms and in a timely manner could materially and adversely impact our planned capital expenditure, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

## **EXTERNAL RISK**

**57. *Any downturn in the macroeconomic environment in India could adversely affect our business, results of operations, cash flows and financial condition.***

India is our key market. For Fiscal 2018, more than 50% of our Company’s revenue from operations was from India. In addition, an increase in India’s trade deficit, a downgrading in India’s sovereign debt rating or a decline in India’s



foreign exchange reserves could increase interest rates and adversely affect liquidity, which could adversely affect the Indian economy and our business, results of operations, cash flows and financial condition.

**58. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, in the jurisdictions in which we operate may adversely affect our business and results of operations.***

Our business is subject to various laws and regulations, which are evolving and subject to change. For details, see “Key Industrial Regulations and Policies in India” on page 126. We are also subject to corporate, taxation and other laws in effect in India, which require continued monitoring and compliance. These laws and regulations and the way in which they are implemented and enforced may change. There can be no assurance that future legislative or regulatory changes will not have any adverse effect on our business, results of operations, cash flows and financial condition.

**59. *Significant differences exist between Ind AS and Indian GAAP and other accounting principles, such as IFRS and US GAAP, which may be material to investors’ assessments of our financial condition, result of operations and cash flows.***

Our financial statements for Fiscals 2014 and 2015 included in this Draft Red Herring Prospectus are prepared and presented in conformity with Indian GAAP, while our financial statements for Fiscals 2018, 2017 and 2016 included in this Draft Red Herring Prospectus are prepared and presented in conformity with Ind AS, in each case restated in accordance with the requirements the SEBI (ICDR) Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2016)” issued by the ICAI. Ind AS differs from Indian GAAP and other accounting principles with which prospective investors may be familiar in other countries, such as IFRS and U.S. GAAP. As a result, the financial statements prepared under Ind AS for Fiscals 2018, 2017, and 2016 may not be comparable to our historical financial statements. Accordingly, the degree to which the Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus.

## **RISKS RELATING TO THE EQUITY SHARES AND THE OFFER**

**60. *Investors bear the risk of fluctuations in the price of Equity Shares and there can be no assurance that a liquid market for our Equity Shares will develop following the listing of our Equity Shares on the Stock Exchanges.***

There has been no public market for our Equity Shares prior to the Offer. The purchase price of our Equity Shares in the Offer will be determined by our Company and the Selling Shareholder, in consultation with the BRLM, pursuant to the Book Building Process. This price will be based on numerous factors, as described under in “Basis for Offer Price” on page 80. This price may not necessarily be indicative of the market price of our Equity Shares after the Offer is completed. You may not be able to re-sell your Equity Shares at or above the Offer price and may as a result lose all or part of your investment.

Our Equity Shares are expected to trade on NSE and BSE after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, or if such trading develops that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares.

The price at which our Equity Shares will trade at after the Offer will be determined by the marketplace and may be influenced by many factors, including:

- Our financial condition, results of operations and cash flows;
- The history of and prospects for our business;
- An assessment of our management, our past and present operations and the prospects for as well as timing of our future revenues and cost structures; and
- The valuation of publicly traded companies that are engaged in business activities similar to ours;
- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts’ recommendations;

- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements of significant claims or proceedings against us;
- new laws and government regulations that directly or indirectly affect our business;
- additions or departures of Key Management Personnel;
- changes in the interest rates;
- fluctuations in stock market prices and volume; and general economic conditions.

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in our Equity Shares may experience a decrease in the value of our Equity Shares regardless of our financial performance or prospects.

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

This Offer includes an offer for sale of up to 72,16,000 Equity Shares aggregating up to ₹ [●] lakhs by Selling Shareholders. The proceeds from the Offer for Sale will be paid to the Selling shareholders and our Company will not receive any such proceeds. See “Objects of the Offer” on page 75.

**62. *Any future issuance of Equity Shares by us or sales of Equity Shares by the Promoters could adversely affect the trading price of our Equity Shares and in the case of the issuance of Equity Shares by us result in the dilution of our then current shareholders.***

As disclosed in “Capital Structure” on page 60, an aggregate of 20% of our fully diluted post-Offer capital held by our Promoters shall be considered as minimum Promoters’ contribution and locked in for a period of three years and the balance Equity Shares held by the Promoters following the Offer (assuming all of the Offered Shares are sold in the Offer) will be locked-in for one year from the date of Allotment. Except for the customary lock-in on our ability to issue equity or equity-linked securities discussed in “Capital Structure” on page 60, there is no restriction on our ability to issue Equity Shares. As such, there can be no assurance that our Company will not issue additional Equity Shares after the lock-in period expires or that the Promoters will not sell, pledge or encumber their Equity Shares after the lock-in periods expire. Future issuances of Equity Shares or convertible securities and the sale of the underlying Equity Shares could dilute the holdings of our Shareholders and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then trading price of our Equity Shares or the Offer Price. Sales of Equity Shares by the Promoters could also adversely affect the trading price of our Equity Shares.

**63. *You will not be able to immediately sell any of the Equity Shares you purchase in this Issue on the Stock Exchanges.***

Under the SEBI (ICDR) Regulations, we are permitted to allot Equity Shares within four (4) Working Days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your book or dematerialized account with the Depository Participants until fifth (5) Working Days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges.

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

Previously, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if Securities Transaction Tax (“STT”) was paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of Equity Shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

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.

**65. *QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While we are required to complete Allotment, listing and commencement of trading pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date, events affecting the Bidders' decision to invest in our Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows and financial condition may arise between the date of submission of the Bid and Allotment, listing and commencement of trading. We may complete the Allotment, listing and commencement of trading of our Equity Shares even if such events occur and such events may limit the Bidders' ability to sell our Equity Shares Allotted pursuant to the Offer or may cause the trading price of our Equity Shares to decline on listing.

**66. *Public companies in India, including us, are required to compute income tax under the ICDS. We may be negatively affected by ICDS.***

The Ministry of Finance, Government of India had issued a notification dated March 31, 2015 presenting the ICDS (Income Computation and Disclosure Standards), which creates a new framework for the computation of taxable income. The ICDS was applicable from April 1, 2016, with Fiscal 2017 being the first assessment year. The ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations have the effect of requiring taxable income to be recognised earlier, increasing overall levels of taxation or both. There can be no assurance that the adoption of the ICDS will not adversely affect our results of operation and financial condition.

**Prominent Notes**

- Initial public offering of up to 1,07,00,000 Equity Shares for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] lakhs, comprising a Fresh Issue of up to 34,84,000 Equity Shares aggregating up to ₹ [●] lakhs by our Company and an Offer for Sale of up to 72,16,000 Equity Shares aggregating up to ₹ [●] lakhs by Selling Shareholders. The Offer shall constitute 25.15% of the post-Offer paid-up capital of our Company.
- As at March 31, 2018, the restated net worth of our Company was ₹ 15,760.63 lakhs as per our Restated Financial Statements.
- As at March 31, 2018, the net asset value per Equity Share of our Company was ₹ 201.77 as per our Restated Financial Statements.
- The average cost of acquisition per Equity Share by our Promoters:

Name of the Promoters	No. of Equity Shares held	Average cost of Acquisition (in ₹)
Sadashiv K. Shetty	1,56,90,660	1.67
Raghuram K. Shetty	1,14,81,120	1.47

- Except as described in “Our Group Companies” and “Related Party Transactions” on pages 158 and 166, respectively, none of our Group Companies have any business or other interests in our Company.
- For details of transactions entered into by our Company with our Group Companies in Fiscal Year 2018, and the cumulative amounts involved in these transactions, see “Related Party Transactions” on page 166.
- Our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on June 15, 1996 and consequently, the name of our Company was changed to ‘Heranba Industrial Chemicals Limited’ and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli on July 26, 1996. Subsequently, the name of our company was changed to ‘Heranba Industries Limited’ and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996.
- There are no financing arrangements pursuant to which the members of Promoter Group, the directors of our corporate Promoter, our Directors and/ or their relatives have financed the purchase of Equity Shares by any other person during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
- BRLM has submitted a due diligence certificate with SEBI. Investors may contact the BRLM, for any complaints pertaining to this Offer. Investors may also contact the Company Secretary and Compliance Officer, and the Registrar to the Offer for complaints pertaining to this Offer. For details see “General Information – Offer related grievances” on page 53.

## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

#### Agriculture in India

Source: <https://www.ibef.org/industry/agriculture-india.aspx>

#### Introduction

Agriculture plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. The share of primary sectors\* (including agriculture, livestock, forestry and fishery) is estimated to be 20.4 per cent of the Gross Value Added (GVA) during 2016-17 at current prices. . GVA from the sector is estimated to have grown at 3 per cent in FY18.

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment.

#### Market Size

During 2017-18 crop year, food grain production is expected to reach a record 277.49 million tonnes. During 2016-17, it was 275.68 million tonnes.

India has been the world's largest producer of milk for the last two decades and contributes 19 per cent of the world's total milk production.

India is emerging as the export hub of instant coffee which has led to exports of coffee increase 17 per cent in calendar year 2017 to reach US\$ 958.80 million. Tea exports from India reached a 36 year high of 240.68 million kgs in CY 2017.

India topped the list of shrimp exporters globally in 2016 with exports of US\$ 3.8 billion which are expected to double to US\$ 7 billion by 2022.

Total area in India, sown with rabi crops reached 64.29 million hectares in February 2018.

India is the second largest fruit producer in the world. India's horticulture output reached 300.64 million tonnes in 2016-17 and is expected to reach 305.43 million tonnes in 2017-18.

Agricultural export constitutes 10 per cent of the country's exports and is the fourth-largest exported principal commodity. Agricultural exports from India reached US\$ 28.09 billion during April 2017-January 2018 with exports of basmati, buffalo meat reaching US\$ 6.19 billion and US\$ 6.59 billion, respectively.

India is the largest producer, consumer and exporter of spices and spice products. Spice exports from India grew by 6 per cent year-on-year between April-September 2017 to US\$ 1.37 billion.

Dairy sector in India is expected to grow at 15 per cent CAGR to reach Rs 9.4 trillion (US\$ 145.7) billion by 2020.

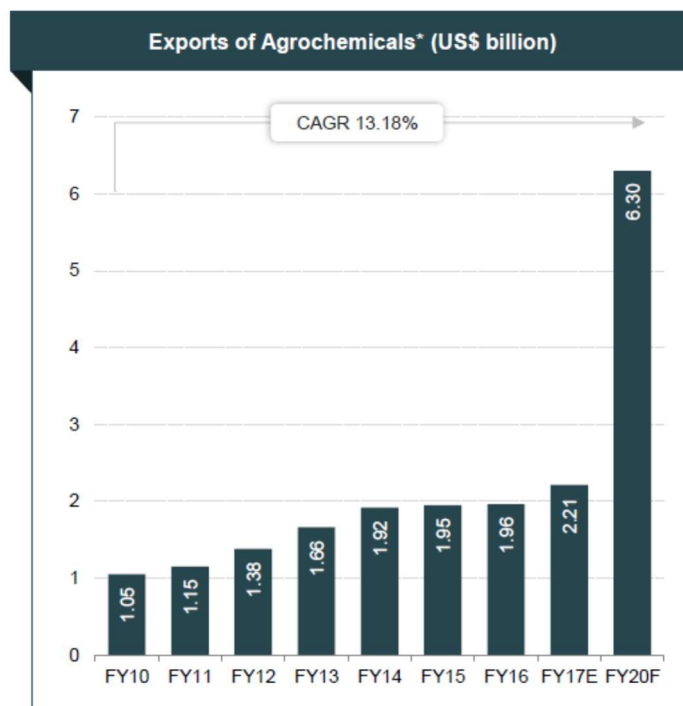
The online food delivery industry grew at 150 per cent year-on-year with an estimated Gross Merchandise Value (GMV) of US\$ 300 million in 2016. The sector grew 15 per cent every quarter during January-September 2017.

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted efforts of scientists to get early-maturing varieties of pulses and the increase in minimum support price.

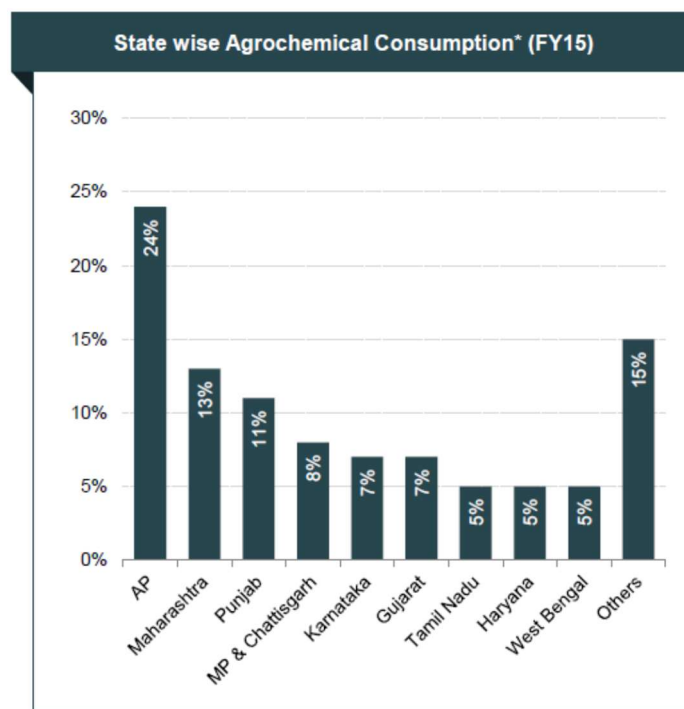
## Agrochemicals

Source: IBEF, Agriculture and Allied Industries, February 2018

India is the 4th largest producer of agrochemicals, globally and ranks 4th in terms of production of crop protection chemicals. The market in India is expected to reach to US\$ 7.5 billion by FY19 and register exports of about 50 per cent of value of Indian crop protection industry. In 2015, India became one of the largest exporters of agrochemicals globally. Agrochemical companies in India witnessed a CAGR of 10 per cent from FY13-17E . Around 50 per cent of this growth was based on exports.



Agrochemical industry in India is set to grow at a significant pace; increasing population, decreasing per capita availability of arable land and focus on increasing agricultural yield will fuel the demand for agrochemicals. India's per hectare agrochemical consumption is set to rise in the coming years, given the above-mentioned factors. The seven states including Andhra Pradesh (AP), Maharashtra, Punjab, Madhya Pradesh and Chhattisgarh, Gujarat, Tamil Nadu and Haryana account for usage of over 70 per cent crop protection chemicals in India; wherein Andhra Pradesh is a leading consumer of agrochemicals with a market share of 24 per cent.



## Outlook

Source: <https://www.ibef.org/news/indian-agrochemicals-market-to-reach-us-63-billion-by-fy2020-report>  
**Indian agrochemicals market to reach US\$ 6.3 billion by FY2020**

Indian agrochemical industry, which is estimated at \$ 4.4 billion in FY15, is expected to grow at 7.5 percent annually to reach \$ 6.3 billion by FY20, with domestic demand growing at 6.5 percent per annum and export demand at 9 percent per annum, according to a report jointly presented by Tata Strategic Management Group (TSMG) and FICCI at the latter's sixth National Conference on Agrochemicals 2016 in New Delhi.

The report - titled as 'Next generation Indian agriculture: Role of crop protection solutions' - was released by Hukumdev Narayan Yadav, chairman, Standing Committee of Parliament on Agriculture and Farmers Welfare.

"Agrochemicals play a critical role in ensuring food and nutrition security of the nation. With estimated 355 MMTPA (million metric tonne per annum) food grain requirement by 2030 from current 253 MMTPA, efficient usage of crop protection products and solutions for Indian agriculture are the need of the hour. In order to realise the true potential, industry, government and regulatory bodies need to work in tandem and embrace digital technologies to further improve farmer connect," commented Manish Panchal, senior practice head - chemicals & energy at Tata Strategic Management Group.

As per the report, the industry is dominated by insecticides accounting for 60 percent of the overall demand, followed by fungicides and herbicides contributing 18 percent and 16 percent, respectively.

The report highlights the changing food consumption patterns in India, demand patterns and future growth potential of crop protection industry in India. As per the report, there is a need of crop protection and crop enhancement solutions to overcome the challenges faced by Indian agriculture in ensuring food and nutritional security of the nation. To ensure sustainable agriculture in the country, it has also suggested adoption of the best global practices and the latest technologies which include agronomy, fertigation, seed treatment and biotechnology development.

The Indian agriculture sector is currently facing critical challenges like reduction in arable land, decreasing farm size, increasing pest attacks, low per hectare yield and a shift towards animal products consumption, all of which are leading to demand outpacing supply in the country's food chain. Agrochemicals could play a significant role in overcoming this imbalance.

Indian crop protection market is supported by strong growth drivers. Current consumption of crop protection products in India at 0.6 kg per hectares (ha), is much lower than the world average of 3 kg per ha. This offers immense opportunities

for future growth. With several products going off-patent globally, the sector is opening opportunities for generics, contract manufacturing & research for Indian players who can leverage their large scientific talent pool.

Despite the strong growth drivers, Indian agrochemicals industry faces challenges in terms of low awareness among farmers and rising sales of non-genuine products (approximately 25 percent by volume). With large number of end users spread across the vast geography, managing availability through a distribution network is a challenge for all the major players. A collaborative approach by the industry, government & regulatory bodies is the need of the hour to realise full potential of the agrochemicals industry.



## SUMMARY OF OUR BUSINESS

### Overview

Our Company is engaged in the business of manufacturing and marketing a range of agrochemicals. We have a pan-India presence, with integrated operations across research and development, manufacturing, marketing and distribution of a wide range of crop protection chemicals, public health and Animal Health solutions.

Initially we were engaged in synthetic pyrethroids and its intermediates. Synthetic pyrethroids are pesticides derived from naturally occurring pyrethrins and is synthetically made by industrial methods.

We manufacture technical products (active ingredients), intermediate products and formulations. Our pesticides range includes insecticides, herbicides, fungicides and public health products for pest control. We aim to provide innovative products to farmers that enhance farm efficiency and offer better crop solutions. We have products for all kinds of crops, vegetables and fruits. Our products viz Deltamethrin and Alphacypermethrin are now recommended and included in the WHO/FAO specifications. Our company has a well-balanced effluent treatment system for the solid, liquid and gaseous effluents and emission generated from the various processes.

We started our manufacturing activity with production of intermediate product CMAC (Cypermethrinic Acid Chloride). However after initial few years we started manufacturing Technical Products like, Cypermethrin, Alphacypermethrin, Deltamethrin, Permethrin, Lambda cylothrins etc in which CMAC was a main raw material. Therefore over the years we largely stopped selling CMAC in the market and production was primarily used for captive consumption for manufacturing Technical Products.

Other than the aforementioned crop protection products, we also produce certain plant growth/spreader products which provide the nutrients to plants for growth. The products include amino acids, gibberellic acid 0.001%L, seaweed extract.

Our major focus is on exports. We export our Products to more than 60 countries including Argentina, Belgium, Egypt, Ghana, Indonesia, Jordan, Malaysia, Nicaragua, Philippines, South Africa, Tunisia, Ukraine, Australia, Brazil, Europe, Hamburg, Iran, Kenya, Mexico, Nigeria, Poland, Turkey, Vietnam, Bangkok, China, France, Zimbabwe, Israel, Korea, Pakistan, Saudi Arabia, Taiwan, Uganda, Thailand, UK, Bangladesh, Colombia, Germany, Hongkong, Istanbul, Kyrgyzstan, New Zealand, Peru, Singapore, Middle East.

Domestically we cater to the customers all over India with our extensive dealership, stockist network and skilled field sales force. We have established more than 100 branded formulations in 20 states within India. We have more than 5000 dealers across India. We have 21 stock points across India. Our team's ability to identify customer's requirement, to provide world class service, ready responsiveness and proactive approach has helped our Company to gain trust of respected clients across the Globe. We have been exporting our products worldwide to various countries, thus traversing many boundaries. We have been participating in all important agrochemical exhibitions to showcase our products and to understand customer's requirements.

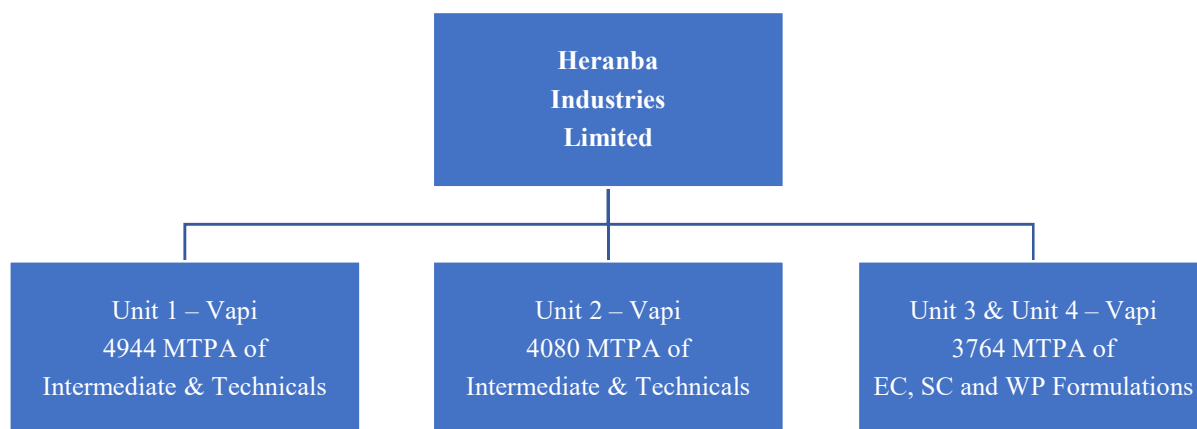
We have a full-fledged registration department with qualified personnel and data support as per GLP standards to meet each country's regulatory requirements. We have obtained products registrations in many countries.

Our product range is aimed at improving crop productivity, crop health, public health with an objective of providing innovative products to farmers to maximise their farm output and same is the outcome of our research and product development divisions.

We have consistently expanded our facilities, capacities and product mix investing in increasingly advanced technology and at the same time in the ongoing development and upgradation of products and processes that comply with the international standards and demands. Our quality control and research and development facility is well equipped with advanced equipment for chemical analysis, process design and thorough quality control. Every aspect of purchase, manufacturing and marketing revolves around the performance of the product, and we follow the "Zero Defect policy".

All the domestic branded products are sold and distributed during the agricultural seasons, Kharif and Rabi crop periods. Hence these are seasonal products sold mainly during May to September and January to March. In other months there are more of exports.

We have four fully integrated and modern manufacturing facilities with an In-house R&D facility for product development and improvisation. All 4 facilities are in the industrial belt of "Vapi", which is a prime Industrial Township in Gujarat, at a distance of 180 km from Mumbai. These facilities offer a range of Crop Protection chemicals, Public Health and Animal Health solutions. Our Company has a multi-product set up at four different sites/units in Vapi.



**UNIT 1:** This is our first manufacturing facility with the initial installed capacity of 1320 MTPA of Cypermethric Acid Chloride which is the basic intermediate used in the manufacture of technical grade synthetic pyrethroids. Subsequently the down stream Technical products like Cypermethrin, Deltamethrin, Alphacypermethrin, Lambda Cyhalothrin and Permethrin were established in this plant. Apart from these Pyrethroid products some other Technical products like Acephate, Glyphosate, Temephos, Profenophos, etc. were introduced mostly for catering to our formulated branded products which are distributed all over the country in the Farm sector as well as for export requirements. The current capacity of Unit 1 is 4944 MTPA of Intermediate & Technical products.

**UNIT 2:** (Export Oriented Unit) It has an installed capacity of 4080 MTPA of Cypermethric Acid Chloride, Cypermethric Acid, Cypermethrin and Alpha Cypermethrin per annum. This plant manufactures high quality derivatives of Cypermethric Acid Chloride as per customer's requirement.

**UNIT 3:** It is ISO 9001-2008 certified ultra-modern formulation unit, meeting the requirement of the EC (Emulsifiable Concentrate), SC (Suspension Concentrate) and WP (Wettable powders) formulations to cater to the local Indian market as well as for export also offering toll manufacturing facility. Unit 3 produces mostly liquid formulations with filling and packing lines.

**UNIT 4:** This unit produces only powder formulations and these formulated products are packed in Heranba's Brands, each product in a particular brand name in various pack sizes as per the required dosage for each crop per acre.

Our manufacturing facilities are well equipped with modern equipment, adhering to safety and environmental standards. All the units have fully equipped Quality Control laboratory to check the quality of Input materials, In-Process materials and finished goods. Our manufacturing & packing facilities are fully equipped for:

- Liquid Formulations
- Liquid Packing
- Powder Formulations of SP's & WDP's.
- Powder Packing
- Granular Formulation.
- Granular Packing
- Suspensions concentrate formulation.

We have expertise on all the key chemical reactions on commercial scales. Presently engaged in the following process:

- |                  |                     |                  |                |
|------------------|---------------------|------------------|----------------|
| ➤ Ammonolysis    | ➤ Condensation      | ➤ Cyanation      | ➤ Cyclisation  |
| ➤ Esterification | ➤ Favorski Reaction | ➤ Friedel Crafts | ➤ Halogenation |
| ➤ Hydrolysis     | ➤ Isomerisation     | ➤ Methoxylation  | ➤ Sulphonation |

Currently we have 4 manufacturing units in Vapi, while our head office and marketing office is situated in Mumbai and registered office is situated in Vapi.

We have an internal facility for treatment of the waste generated at our UNIT 1, 2 and 3 through our ETPs. We are constantly innovating and evolving to ensure that minimal waste and effluent is generated and our efforts regularly yield positive and environment friendly results. Effluent norms are maintained strictly as per government prescribed rules and in-house technicians monitor the same on a continuous basis.

#### **Our Competitive Strengths**

- We manufacture wide range of products.
- Awards & Recognition
- Technical Capabilities
- Proven track record of our Company and our Promoters
- Strategic Location of manufacturing facilities

#### **Our Business Strategy**

- Increase in market share
- Market development:
- Entering into US and Europe Markets
- Technical and Marketing Collaboration
- Innovation and Product Development
- Strengthening our position in Public Health Products

## SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Ind AS Summary Statements as of and for the Fiscal Years ended, March 31, 2018, 2017 and 2016 and our Restated Indian GAAP Summary Statements as of and for the Fiscal Years ended March 31, 2015 and March 31, 2014.

The Restated Financial Statements are set forth in “Financial Information” beginning on page 168. The summary financial information presented below should be read in conjunction with our Restated Financial Statements, the notes thereto and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 232.

## Restated Statement of Assets and Liabilities (IND AS)

(₹ in Lakhs)

Particulars	Annexure	As at		
		March 31, 2018	March 31, 2017	March 31, 2016
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	VI	4,668.28	3,823.86	3,732.80
Capital work-in-progress		116.15	20.97	20.97
Investment property		0.00	0.00	0.00
Goodwill		0.00	0.00	0.00
Intangible assets		0.00	0.00	0.00
Financial assets				
(i) Investments	VII	2.29	3.51	3.56
(ii) Other Financial Assets	VIII	624.23	810.42	719.97
Current tax assets (Net)	IX	0.00	140.59	198.65
Deferred tax assets (Net)		0.00	0.00	0.00
Other non-current assets	X	2,234.52	820.94	625.51
<b>Total Non-Current Assets</b>		<b>7,645.48</b>	<b>5,620.29</b>	<b>5,301.45</b>
<b>Current Assets</b>				
Inventories	XI	9,399.78	9,835.70	7,806.52
Financial assets		0.00	0.00	0.00
(i) Trade Receivables	XII	20,308.25	12,411.87	14,412.21
(i) Cash and cash equivalents	XIII	1,177.65	1,031.94	1,090.06
(ii) Other financial assets		149.00	124.99	106.05
Other current assets	X	6,410.41	3,066.12	3,748.34
<b>Total Current Assets</b>		<b>37,445.09</b>	<b>26,470.62</b>	<b>27,163.18</b>
<b>Total Assets</b>		<b>45,090.57</b>	<b>32,090.91</b>	<b>32,464.63</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	XIV	781.13	781.13	781.13
Other equity	XVI	14,979.50	10,822.32	9,068.55
<b>Total Equity</b>		<b>15,760.63</b>	<b>11,603.45</b>	<b>9,849.68</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings	XVII	25.12	40.75	66.07
(ii) Other Financial Liabilities	XVIII	522.26	443.64	369.84
Provisions	XIX	18.06	32.48	0.00
Deferred Tax Liabilities	XX	375.02	282.87	187.76
<b>Total Non-Current Liabilities</b>		<b>940.45</b>	<b>799.75</b>	<b>623.67</b>
<b>Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings	XVII	7,574.21	8,385.54	9,527.83

(ii) Trade payables	XXI	17,841.94	9,679.17	9,780.29
(iii) Other Financial Liabilities	XVIII	701.61	382.35	881.69
Current tax Liabilities (Net)		1,294.76	367.32	811.33
Other current liabilities	XXII	493.58	510.52	736.45
Provisions	XIX	483.38	362.81	253.68
<b>Total Current Liabilities</b>		<b>28,389.49</b>	<b>19,687.71</b>	<b>21,991.28</b>
<b>Total Liabilities</b>		<b>29,329.94</b>	<b>20,487.46</b>	<b>22,614.95</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,090.57</b>	<b>32,090.91</b>	<b>32,464.63</b>

**Restated Statement of Profit and loss Account (IND AS)**

(₹ in Lakhs)

	Particulars	Annexure	For the year ended		
			March 31, 2018	March 31, 2017	March 31, 2016
<b>I</b>	<b>Revenue</b>				
	Revenue from Operations	XXIII	74,509.50	60,781.60	53,674.62
	Other Income	XXIV	531.47	250.01	84.20
	<b>Total Revenue (I)</b>		<b>75,040.97</b>	<b>61,031.62</b>	<b>53,758.82</b>
<b>II</b>	<b>EXPENSES</b>				
	Cost of materials consumed	XXV	49,700.73	42,391.09	36,116.59
	Changes in Inventories of Finished Goods and Work-in-Progress	XXVI	674.30	-542.72	1,208.52
	Excise Duty on Finished Goods		384.56	2,558.72	2,275.82
	Employee Benefits Expense	XXVII	3,321.00	3,180.56	2,977.80
	Finance Costs	XXVIII	1,180.52	1,236.74	1,342.88
	Depreciation and Amortisation Expenses	XXIX	480.39	399.55	406.32
	Other Expenses	XXX	11,647.88	8,355.13	6,648.48
	<b>Total Expenses (II)</b>		<b>67,389.37</b>	<b>57,579.06</b>	<b>50,976.41</b>
<b>III</b>	<b>Profit Before Tax</b>		<b>7,651.60</b>	<b>3,452.56</b>	<b>2,782.41</b>
<b>IV</b>	<b>Tax Expense</b>				
	Current Tax		2,800.00	1,325.00	1,095.00
	Deferred tax (charge) / credit		92.14	95.11	-0.63
			<b>2,892.14</b>	<b>1,420.11</b>	<b>1,094.37</b>
<b>V</b>	<b>Profit for the Year</b>		<b>4,759.45</b>	<b>2,032.44</b>	<b>1,688.04</b>
<b>VI</b>	<b>OTHER COMPREHENSIVE INCOME</b>				
	Items that will not be reclassified to profit or loss		8.84	-135.79	0.00
	Remeasurement of the net defined benefit liability / asset		-	-	-
	<b>Total other Comprehensive Income</b>		<b>8.84</b>	<b>-135.79</b>	<b>0.00</b>
<b>VII</b>	<b>Total Comprehensive Income for the year</b>		<b>4,768.29</b>	<b>1,896.65</b>	<b>1,688.04</b>

## Restated Statement of Cash Flows (IND AS)

(₹ in Lakhs)

Particulars		Year ended	Year ended	Year ended
		31.03.18	31.03.17	31.03.16
<b>I.</b>	<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
	Net Profit before taxation as per Statement of Profit and Loss	<b>7,651.60</b>	<b>3,452.56</b>	<b>2,782.41</b>
	<b>Adjustments for:</b>			
	Finance costs	1,180.52	1,236.74	1,342.88
	Depreciation and amortisation	480.39	399.55	406.32
	Dividend Income	-0.20	-0.19	-0.19
	(Profit) / Loss on sale of fixed assets (Net)	-0.99	-0.12	-
	Interest income	-147.55	-164.97	-110.01
	Remeasurement of the net defined benefit liability / asset	8.84	-135.79	-
	Fair Valuation of Investment	-0.04	-0.13	-0.01
	Provision for doubtful debts, advances and investment	50.69	377.53	114.15
	Bad Debts	1,022.91	593.18	-
	<b>Total</b>	<b>2,594.58</b>	<b>2,305.81</b>	<b>1,753.14</b>
	<b>Operating profit before working capital changes</b>	<b>10,246.17</b>	<b>5,758.36</b>	<b>4,535.55</b>
	<b>Add / (Less) :</b>			
	(Increase) / Decrease in inventories	435.92	-2,029.18	3,052.63
	(Increase) / Decrease in trade and other receivables	-12,367.05	1,682.21	-2,078.72
	Increase / (Decrease) in trade and other payables	8,611.63	-652.80	-2,770.44
	<b>Cash generated from operations</b>	<b>6,926.67</b>	<b>4,758.59</b>	<b>2,739.02</b>
	Less: Direct taxes paid	-1,731.97	-1,710.95	-1,092.62
	<b>Net cash flow from operating activities</b>	<b>5,194.70</b>	<b>3,047.64</b>	<b>1,646.40</b>
<b>II.</b>	<b><u>Cash flows arising from investing activities</u></b>			
	<b>Inflow / (Outflow) on account of :</b>			
	Dividend from investments	0.20	0.19	0.19
	Interest income received	161.70	163.03	140.56
	(Increase) / Decrease in Capital Advance	-1,413.58	-195.44	-319.58
	(Increase) / Decrease in deposits with maturity of more than three months	200.82	-79.55	-97.72
	Sale/(Purchase) of fixed assets, including capital work -in- progress (net)	-1,419.00	-490.60	-448.90
	(Purchase)/Maturity of Long term / Current investments (net)	1.25	0.17	1.04
	<b>Net cash flow from investing activities</b>	<b>-2,468.62</b>	<b>-602.20</b>	<b>-724.42</b>
<b>III.</b>	<b><u>Cash flows arising from financing activities</u></b>			
	<b>Inflow / (Outflow) on account of :</b>			
	Increase / (Decrease) in long term and	-826.96	-1,167.61	815.30

	short term borrowings			
	Dividend Paid	-611.11	-141.03	-308.80
	Finance Cost Paid	-1,142.30	-1,194.92	-1,302.51
	<b>Net cash flow from financing activities</b>	<b>-2,580.37</b>	<b>-2,503.56</b>	<b>-796.01</b>
	<b>Net increase in cash and cash equivalents ( I + II + III )</b>	<b>145.72</b>	<b>-58.12</b>	<b>125.97</b>
	<b>Add: Balance at the beginning of the year</b>	<b>1,031.94</b>	<b>1,090.06</b>	<b>964.09</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>1,177.65</b>	<b>1,031.94</b>	<b>1,090.06</b>
	<b>Components of cash and cash equivalents</b>			
	Cash and cash equivalents:			
	Cash on hand	11.66	3.09	108.63
	Balances with banks			
	- On Current accounts	1,165.99	1,028.84	981.43
	<b>Total</b>	<b>1,177.65</b>	<b>1,031.94</b>	<b>1,090.06</b>

## Statement of Assets and Liabilities (Indian GAAP)

(₹ Lakhs)

Particulars	Annexure	31.03.15	31.03.14
<b>Equity &amp; Liabilities</b>			
<b>Shareholders Fund</b>			
Share capital	V	794.55	409.84
Reserves and surplus	VI	7,477.80	6,303.44
Less : Revaluation Reserve		(602.68)	(602.68)
Share Application Money		0.00	0.00
<b>Total Shareholder's Fund</b>		<b>7,669.67</b>	<b>6,110.60</b>
<b>Non Current Liabilities</b>			
Long Term Borrowings	VII	56.75	63.01
Long term provisions	VIII	149.88	133.60
Other Non Current Liabilities	IX	319.74	279.78
Deferred Tax Liability	X	346.23	210.84
<b>Total Non Current Liabilities</b>		<b>872.60</b>	<b>687.23</b>
<b>Current Liabilities</b>			
Short Term Borrowings	XI	8,696.72	7,380.16
Trade Payables	XII	12,604.81	12,448.48
Other Current Liabilities	XIII	1,804.73	1,108.38
Short Term Provisions	XIV	2,451.37	1,884.30
<b>Total Current Liabilities</b>		<b>25,557.63</b>	<b>22,821.32</b>
<b>Total Equity &amp; Liability</b>		<b>34,099.90</b>	<b>29,619.15</b>
<b>Non-Current Assets</b>			
a) Fixed Assets	XV		
Tangible Assets		4,132.96	3,655.74
Intangible Assets		0.00	0.00
Capital WIP		0.00	75.20
Less : Revaluation Reserve		(602.68)	(602.68)
<b>Total Fixed Assets (a)</b>		<b>3,530.28</b>	<b>3,128.26</b>
b) Non Current Investments	XVI	2.67	2.67
c) Long Term Loans and Advances	XVII	233.44	190.91
d) Other Non Current Assets	-	0.00	0.00
e) Deferred Tax Asset	-	0.00	0.00
<b>Total Non Current Assets</b>		<b>3,766.39</b>	<b>3,321.84</b>
<b>Current assets</b>			
Current Investments		0.00	0.00
Inventories	XVIII	10,859.14	9,450.08
Trade Receivables	XIX	11,310.09	10,460.06
Cash and Cash Equivalents balances	XX	1,374.56	767.44
Short Term Loans and advances	-	0.00	0.00
Other Current Assets	XXI	6,789.72	5,619.73
<b>Total Current Assets</b>		<b>30,333.51</b>	<b>26,297.31</b>
<b>Total Assets</b>		<b>34,099.90</b>	<b>29,619.15</b>

**Note:** The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV.



**Statement of Profit & Loss (Indian GAAP)****(₹ Lakhs)**

<b>Particulars</b>	<b>Annexure</b>	<b>31.03.15</b>	<b>31.03.14</b>
<b>Income</b>			
Revenue from Operations	XXII	51,965.76	45,610.01
Other Income	XXIII	772.03	455.45
<b>Total Revenue</b>		<b>52737.79</b>	<b>46065.46</b>
<b>Expenditure</b>			
(Increase) / Decrease in Stock	XXIV	(1826.07)	(356.69)
Cost of Material consumed	XXV	39322.24	33872.54
Employee Benefit Expenses	XXVI	2,460.15	2,048.04
Other Expenses	XXVII	7,939.40	6,382.16
<b>Total (B)</b>		<b>47895.72</b>	<b>41946.05</b>
<b>Profit Before Interest, Depreciation and Tax</b>		<b>4842.07</b>	<b>4119.41</b>
Depreciation		531.82	451.65
<b>Profit Before Interest and Tax</b>		<b>4,310.25</b>	<b>3,667.76</b>
Financial Charges	XXVIII	1,378.28	1,313.87
<b>Profit before Taxation</b>		<b>2,931.97</b>	<b>2,353.89</b>
<b>Tax Expense</b>			
Current Tax		955.00	720.00
Tax Adjustment		66.26	55.53
Deferred Tax		135.39	14.58
<b>Total</b>		<b>1156.65</b>	<b>790.11</b>
<b>Profit After Tax but Before Extra ordinary Items</b>		<b>1775.32</b>	<b>1563.78</b>
Extraordinary Items		0.00	0.00
Prior Period Items		0.00	0.00
<b>Net Profit after adjustments</b>		<b>1775.32</b>	<b>1563.78</b>
<b>Net Profit Transferred to Balance Sheet</b>		<b>1775.32</b>	<b>1563.78</b>

**Note:** The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV.

## Statement of cash flow (Indian GAAP)

	(₹ Lakhs)	
PARTICULARS	31.03.15	31.03.14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	2,931.97	2,353.89
<i>Adjusted for :</i>		
a. Depreciation	531.82	451.65
b. Financial Charges	1,378.28	1,313.87
c. Other Income	(772.03)	(455.45)
<b>Operating profit before working capital changes</b>	<b>4,070.04</b>	<b>3,663.96</b>
<i>Adjusted for :</i>		
a. Decrease /(Increase) in Inventories	(1409.06)	(2574.23)
b. Decrease / ( Increase ) in trade receivable	(850.03)	(1529.09)
c. ( Increase ) / Decrease in short term loans and advances	0.00	0.00
d. Increase / ( Decrease ) in Trade Payables	156.33	5859.12
e. Increase / (Decrease) in short term provisions	567.07	837.44
f. Increase / ( Decrease ) in other current liabilities	696.35	268.64
g. ( Increase ) / Decrease in Other Current Assets	(1169.99)	(3320.67)
h. Increase / ( Decrease ) in other long term liabilities	39.96	42.47
I. Decrease / ( Increase ) in Current Investments	0.00	0.00
J. Increase / ( Decrease ) in long term provisions	16.28	1.93
K. ( Increase ) / Decrease in Other Non-Current Assets	0.00	0.00
l. ( Increase ) / Decrease in Long term loans and advances	(42.53)	(61.43)
<b>Cash generated from operations</b>	<b>2,074.42</b>	<b>3,188.14</b>
Income Tax Paid ( net of refunds )	1,021.26	775.53
<b>NET CASH GENERATED FROM OPERATION</b>	<b>1,053.16</b>	<b>2,412.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
a. Purchase (sale) of Fixed Assets	(933.85)	(1003.10)
b.( Purchase) / Sale of non-current investment	0.00	(0.35)
c. Other Income	772.03	455.45
<b>Net cash (used) in investing activities</b>	<b>(161.82)</b>	<b>(548.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
a. Interest & Finance Cost	(1378.28)	(1313.87)
b. Proceeds from share issued	0.00	65.00
c. ( Repayments ) / proceeds of long term borrowings	(6.26)	17.49
d. ( Repayments ) / proceeds of short term borrowings	1316.56	(444.80)
e. Dividend Paid	(216.24)	(116.05)
<b>Net cash generated/(used) in financing activities</b>	<b>(284.22)</b>	<b>(1792.23)</b>
<b>Net Increase / ( Decrease ) in cash and cash equivalents</b>	<b>607.12</b>	<b>72.38</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>767.44</b>	<b>695.06</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,374.56</b>	<b>767.44</b>

## THE OFFER

Following table summarises the present Offer in terms of this Draft Red Herring Prospectus:

Particulars	Details of Equity Shares	
Offer of Equity Shares by our Company	Offer of 1,07,00,000 Equity Shares having face value of ₹10.00 each at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity share) aggregating ₹[●] lakhs	
Offer of Equity Shares	Up to 1,07,00,000 Equity Shares	
Of which:		
Fresh Issue <sup>(1)</sup>	Up to 34,84,000 Equity Shares	
Offer for Sale <sup>(2)</sup>	Up to 72,16,000 Equity Shares	
Of which:		
QIB Portion	Not more than [●]* Equity shares	
	Of which	
	Anchor Investor Portion	Up to [●]* Equity Shares
	Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●]* Equity Shares
	Of which:	
	Available for allocation to Mutual Funds only (5% of the QIB portion excluding Anchor Investor Portion)	[●]* Equity Shares
	Balance of all QIBs including Mutual Funds	[●]* Equity Shares
Non-Institutional Portion	Not less than [●]* Equity Shares	
Retail Portion	Not less than [●]* Equity Shares	
Pre and Post Offer Share Capital of our Company		
Equity Shares outstanding prior to the Offer	3,90,56,530 Equity Shares	
Equity Shares outstanding after the Offer	4,25,40,530** Equity Shares	
Utilisation of Net Proceeds	For further details refer chapter “Objects of the Offer” on page 75 for information on objects of the Offer.	

\*Number of shares may need to be adjusted for lot size upon determination of Offer Price.

\*\* Subject to finalisation of Basis of Allotment.

- 1) The Fresh Issue and the Offer for Sale has been authorised by our Board pursuant to a resolution dated July 31, 2018, and by our Equity Shareholders pursuant to a resolution passed at the annual general meeting held on August 31, 2018.
- 2) The Offer for Sale has been authorized by Sadashiv K. Shetty, Babu K. Shetty and Vithan K. Bhandary (Selling Shareholders) vide consent letter dated September 24, 2018.
- 3) In the event of over-subscription, Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price;
- 4) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange, subject to applicable laws. In the event of under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated prior to Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum subscription of 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the issuance of balance part of the Fresh Issue; and (ii) through the sale of the Equity Shares being offered by the Selling Shareholders in proportion to their*

shareholding in our Company as on the date of this Draft Red Herring Prospectus. For further details, including in relation to grounds for rejection of Bids, see “Offer Procedure” on page 285.

- 5) Our Company in consultation with the Selling Shareholder and the BRLM may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI (ICDR) Regulation. The QIB Portion will accordingly be reduced from the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15.00% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35.00% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI (ICDR) Regulations, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids.

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. For further details, refer “Offer Procedure” on page 285.

## GENERAL INFORMATION

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli dated March 17, 1992 with the name '*Heranba Industrial Chemicals Private Limited*'. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on June 15, 1996 and consequently, the name of our Company was changed to '*Heranba Industrial Chemicals Limited*' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. Subsequently, the name of our company was changed to '*Heranba Industries Limited*' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996.

<b>Registration Number</b>	017315
<b>Company Identification Number</b>	U24231GJ1992PLC017315
<b>Address of Registered Office of Companies</b>	Plot No 1504/1505/1506/1 GIDC, Phase-III Vapi, Valsad -396 195, Gujarat, India. Tel. No.: +91 260 240 1646 Fax. No.: +91 260 240 0536 E-mail: <a href="mailto:contact@heranba.com">contact@heranba.com</a> Website: <a href="http://www.heranba.co.in">www.heranba.co.in</a>
<b>Address of Registrar of Companies</b>	<b>Registrar of Companies, Gujarat, Dadra &amp; Nagar Haveli</b> ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013, Gujarat Tel. No.: +91 079 2743 7597 Fax. No.: +91 079 2743 8371 E-mail: <a href="mailto:roc.ahmedabad@mca.gov.in">roc.ahmedabad@mca.gov.in</a>
<b>Designated Stock Exchange</b>	BSE Limited
<b>Listing of Shares offered in this Offer</b>	BSE and NSE
<b>Contact Person:</b>	<b>Maheshwar Vasant Godbole</b> 101 / 102, Kanchanganga, Factory Lane, Borivali - West, Mumbai – 400 092, Maharashtra, India. Tel No.: +91 22 2898 7912 Fax. No.: +91 22 2899 3948 E-mail: <a href="mailto:maheshwar@heranba.com">maheshwar@heranba.com</a>

For details of the changes in our name, registered office and other details, refer “*History and Certain Other Corporate Matters*” on page 132.

### Our Board of Directors

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

Sr. No.	Name and Designation	Age (Years)	DIN	Address
1.	<b>Sadashiv K. Shetty</b> <i>Chairman and Managing Director</i>	64	00038681	18/A, Tower “D”, Viceroy Park, Opp. Thakur Cinema, Thakur Village, Kandivali (East) Mumbai – 400 101, Maharashtra, India.
2.	<b>Raghuram K. Shetty</b> <i>Whole-time Director</i>	59	00038703	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Eksar Village, Borivali (West), Mumbai – 400 013, Maharashtra, India.
3.	<b>Sujata S. Shetty</b>	58	00632563	18/A, Tower “D”, Viceroy Park, Opp.

Sr. No.	Name and Designation	Age (Years)	DIN	Address
	<i>Executive Director</i>			Thakur Cinema, Thakur Village, Kandivali (East) Mumbai – 400 101, Maharashtra, India.
4.	<b>Vanita R. Shetty</b> <i>Executive Director</i>	51	02493401	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Eksar Village, Borivali (West), Mumbai – 400 013, Maharashtra, India.
5.	<b>Raunak R. Shetty</b> <i>Executive Director</i>	26	08006529	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Eksar Village, Borivali (West), Mumbai – 400 013, Maharashtra, India.
6.	<b>Kaushik Hasmukh Gandhi</b> <i>Independent Director</i>	42	01265059	A/103 Shantinath Apartment S.V. Road, Near Simpoli Signal, Borivali West, Mumbai- 400092, Maharashtra, India
7.	<b>Mulky Vishwanath Shetty</b> <i>Independent Director</i>	65	08168960	B/703 Shree Sai Sneha Complex Ramdev Park Road, Near Shiv Temple, Mira Road Thane - 401107, Maharashtra, India
8.	<b>Anil Kumar M. Marlecha</b> <i>Independent Director</i>	33	08193193	201 Aarlin CHS, Station Road, Near Rajesh Hotel, Bhayander West, Thane - 401101 Maharashtra, India
9.	<b>Vanmali Ganesh Narayan</b> <i>Independent Director</i>	62	07833853	Flat No. 17, The Versova Sandeep CHS, Juhu-Versova Link Road, Andheri West, Mumbai - 400 053, Maharashtra, India
10.	<b>Nimesh Sahadeo Singh</b> <i>Independent Director</i>	41	00062998	C/507, Upvan Tower CHS Ltd., Upper Govind Nagar, Malad (East), Mumbai-400097

For detailed profile of our Chairman and Managing Director, Whole-time Directors and other Directors, refer “*Our Management*” and “*Our Promoters and Promoter Group*” on page 137 and 154 respectively.

#### Company Secretary and Compliance Officer

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

##### Shivani Rohila

101 / 102, Kanchanganga,  
Factory Lane, Borivali - West,  
Mumbai – 400 092,  
Maharashtra, India.  
Tel. No.: +91 +91 22 2898 7912  
Fax. No.: +91 22 2899 3948  
E-mail: contact@heranba.com

#### Chief Financial Officer

Our Company has appointed Maheshwar Vasant Godbole, as the Chief Financial Officer. His contact details are set forth hereunder.

##### Maheshwar Vasant Godbole

101 / 102, Kanchanganga,  
Factory Lane, Borivali - West,  
Mumbai – 400 092,  
Maharashtra, India.  
Tel No.: +91 22 2898 7912  
Fax. No.: +91 22 2899 3948  
E-mail: maheshwar@heranba.com

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

<b>Book Running Lead Manager</b>	<b>Registrar to the Offer</b>
<b>Guinness Corporate Advisors Private Limited</b> 18 Deshapriya Park Road, Kolkata – 700 026, West Bengal, India Tel. No.: +91 33 3001 5555 Fax No.: +91 33 3001 5531 Email: gcapl@guinnessgroup.net Website: www.guinnessonline.net Contact Person: Mayur Parikh / Alka Mishra SEBI Registration No.: INM000011930	<b>Bigshare Services Private Limited</b> 1st floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400 059, Maharashtra, India Tel. No.: +91 22 6263 8200 Fax No.: +91 22 6263 8299 Email: ipo@bigshareonline.com Website: www.bigshareonline.com SEBI Registration No: INR000001385 Contact Person: Babu Raphael
<b>Statutory &amp; Peer Reviewed Auditor of our company</b>	<b>Legal Advisor to the Offer</b>
<b>N. S. Shetty &amp; Co.</b> Chartered Accountants ‘Arjun’, Plot No. 6A, V. P. Road, Andheri (West), Mumbai – 400 058, Maharashtra, India <b>Tel. No.:</b> +91 2623 1716, <b>Fax No.:</b> +91 2624 5364 <b>E-mail:</b> nsshetty_co@yahoo.com <b>Contact Person:</b> Divakar Shetty <b>Membership No.:</b> 100306 <b>Firm Registration No.:</b> 110101W	<b>Desai &amp; Diwanji</b> Advocates & Solicitors Lentin Chambers, Dalal Street, Fort, Mumbai – 400001, Maharashtra, India <b>Tel. No.:</b> +91 22 3984 1000 <b>Fax No.:</b> +91 22 2265 8245 <b>Email:</b> info@desaidiwanji.com <b>Contact Person:</b> Sanjay Israni
<b>Banker to the Offer</b>	
[●]	
<b>Bankers to our company</b>	
<b>Corporation Bank</b> 68/72, Babu Genu Road, Hanuman Galli, Kalbadevi, Mumbai – 400 002, Maharashtra, India <b>Tel:</b> +91 2201 8899/9797 <b>Fax No.:</b> +91 2206 3567 <b>Contact Person:</b> R. Narsimha Kumar / Swapnil Ganpat <b>Email:</b> cb0058@corpbank.co.in <b>Website:</b> www.corpbank.com	<b>Syndicate Bank</b> MID Corporate Branch, Neptune Tower, Ashram Road,, Ahmedabad - 380 009, Gujarat, India <b>Tel.</b> +91 79 2658 1134 <b>Fax No.:</b> Not Available <b>Email:</b> br.7039@syndicatebank.co.in <b>Contact Person:</b> Mr. Ghanshyam <b>Website:</b> www.syndicatebank.in
<b>Syndicate Members</b>	
[●]	[●]

**Investors can contact the Compliance Officer or the BRLM or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund orders, etc. All complaints, queries or comments received by Stock Exchange / SEBI shall be forwarded to the BRLM, who shall respond to the same.**

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the submission of ASBA Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder. Further, the Bidder shall also enclose the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances in relation to Bids submitted with Registered Brokers may be addressed to the Stock Exchange, with a copy to the Registrar to the Offer.

**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/other/OtherAction.do?doRecognised=yes>. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link.

### **Syndicate SCSB Branches**

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

### **Registered Brokers**

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

### **Registrar and Share Transfer Agents**

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

### **Collecting Depository Participants**

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

### **Inter se allocation of responsibilities**

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

### **Credit Rating**

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

### **IPO Grading**

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

### **Brokers to the Offer**

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

### **Expert Opinion**

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

- Report of the Statutory Auditor on Statement of Tax Benefits.
- Report of the Peer Review Auditor on Restated Financial Statements.



## Debenture Trustees

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

## Appraisal and Monitoring Agency

Our Company shall appoint a monitoring agency prior to the filing of the Red Herring Prospectus in accordance with the SEBI ICDR Regulations.

## Book Building Process

Book building, with reference to the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus, the Bid-cum-Application Forms and Revision Forms. The Price Band and the Bid lot size for the Offer shall be determined by our Company, in consultation with the Selling shareholders and the BRLM in accordance with the Book Building Process, which would be and advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Gujarati newspaper, Gujarati being the regional language in the place where our Registered Office is located), at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchange for the purposes of uploading on its website. The Offer Price shall be determined by our Company, in consultation with the Selling shareholders and the BRLM in accordance with the Book Building Process, after the Bid/Offer Closing Date.

The principal parties involved in the Book Building Process are:

- Our Company;
- The BRLM;
- Syndicate Member(s) who are intermediaries registered with SEBI/registered as brokers with National Stock Exchange of India Limited and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by Book Running Lead Manager;
- The Registrar to the Offer; and
- The Designated Intermediaries

The SEBI (ICDR) Regulations have permitted the issue of securities to the public through the Book Building Process. In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the “SCRR”) the Offer is being made for at least 25% of the post-Offer paid-up Equity Share capital of our Company wherein not more than 50.00% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the Selling Shareholders and the BRLM may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. Further not less than 15.00% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35.00% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non- Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the Selling Shareholder and the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill over from other categories or a combination of categories.

All Bidders (excluding Anchor Investors) can participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process.

In accordance with the SEBI (ICDR) Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail

Individual Bidders can revise or withdraw their Bids prior to the Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

**The process of Book Building under the SEBI (ICDR) Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Offer.**

For further details on the method and procedure for Bidding, refer “Offer Procedure” on page 285.

**Illustration of Book Building Process and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors).*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹20 to ₹24 per equity share, Offer size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price(₹)	Cumulative Bid Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to Offer the desired number of shares is the price at which the book cuts off, i.e., ₹22 in the above example. The issuer, in consultation with the Selling Sahreholder and the BRLM will finalize the Offer price at or below such cut-off price, i.e., at or below ₹22/-. All bids at or above this Offer price and cut-off bids are valid bids and are considered for allocation in the respective categories.

#### **Steps to be taken by the Bidders for Bidding:**

1. Check eligibility for making a bid (refer the section titled “Offer Procedure” on page 285);
2. Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form.
3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid-cum-Application Form. Based on these parameters, the Registrar to the Offer will obtain the Demographic Details of the Bidders from the Depositories.
4. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the state of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the IT Act in the Bid-cum-Application Form. The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants’ verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. In accordance with the SEBI (ICDR) Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of the transaction;
5. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form.
6. ASBA Bidders can submit their Bids by submitting Bid-cum-Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or in physical form to the Designated Intermediaries. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid-cum-Application Form is not rejected;

#### **Bid / Offer Programme**

For details of the Bid/Offer Programme, refer to the section titled “*Terms of the Offer*” on page 280.

### Underwriting Agreement

After the determination of the Offer Price, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer.

The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated its intention to underwrite the following number of specified securities being offered through this Offer:

Details of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹in lakhs)	% of the Total Offer Size Underwritten
<b>Guinness Corporate Advisors Private Limited</b> 18 Deshapriya Park Road, Kolkata – 700 026, West Bengal, India <b>Tel. No.:</b> +91 33 3001 5555 <b>Fax. No.:</b> +91 33 3001 5531 <b>Email:</b> gcapl@guinnessgroup.net <b>Website:</b> www.guinessonline.net <b>Contact Person:</b> [●] <b>SEBI Registration No.:</b> INM000011930	[●]	[●]	[●]
[●]	[●]*	[●]	[●]
<b>Total</b>	[●]	[●]	<b>100.00</b>

The above-mentioned is indicative underwriting and will be finalised after pricing and actual allocation and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The underwriting agreement mentioned above shall not apply to subscription by the Bidders in the Offer, except for Bids procured by the Syndicate.

## CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Draft Red Herring Prospectus and after giving effect to the Offer is set forth below:

No.	Particulars	Amount (₹ in lakhs)	
		Aggregate nominal value	Aggregate value at Offer Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	4,50,00,000 Equity Shares of face value of ₹10.00 each	4500.00	-
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Offer</b>		
	3,90,56,530 Equity Shares of face value of ₹10.00 each	3,905.65	-
<b>C.</b>	<b>Present Offer in terms of this Draft Red Herring Prospectus</b>		
	Fresh Issue of up to 34,84,000 Equity Shares	348.40	[●]
	Offer for Sale of up to 72,16,000 Equity Shares	721.60	[●]
<b>D.</b>	<b>Issued, Subscribed and Paid-up Share Capital after the Offer</b>		
	4,25,40,530 Equity Shares of face value of ₹10.00 each*	4,254.05	-
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Offer		Nil
	After the Offer		[●]

\* To be updated upon finalization of the Offer Price.

- 1) The Fresh Issue has been authorised by the Board of Directors pursuant to their resolution dated July 31, 2018 and the Shareholders pursuant to their resolution dated August 31, 2018.
- 2) The Offer for Sale has been authorized by Sadashiv K. Shetty (Promoter Selling Shareholder) by his consent letter dated September 24, 2018; Babu K. Shetty (Selling Shareholder) by his consent letter dated September 25, 2018 and Vittala K. Bhandary (Selling Shareholder) by his consent letter dated September 25, 2018. The Selling shareholders specifically confirms that the Equity Shares being offered by him in the Offer have been held by him for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 26(6) of the SEBI ICDR Regulations and are eligible for being offered for sale in the Offer.

## 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		
₹5,00,000 consisting of 5,000 Equity shares of ₹100.00 each.		On incorporation	-
₹5,00,000 consisting of 5,000 Equity shares of ₹100.00 each.	₹25,00,000 consisting of 25,000 Equity shares of ₹100.00 each.	October 21, 1992	EGM
₹25,00,000 consisting of 25,000 Equity shares of ₹100.00 each.	₹2,00,00,000 consisting of 2,00,000 Equity shares of ₹100.00 each.	January 6, 1995	EGM
₹2,00,00,000 consisting of 2,00,000 Equity shares of ₹100.00 each.	₹3,00,00,000 consisting of 3,00,000 Equity shares of ₹100.00 each.	March 21, 1995	EGM
Subdivision of Equity Shares from ₹ 100 per Equity Share to ₹ 10 per Equity Share			
₹3,00,00,000 consisting of 3,00,000 Equity shares of ₹100.00 each.	₹3,00,00,000 consisting of 30,00,000 Equity shares of ₹10.00 each.	June 15, 1996	EGM
Re-organisation of the capital structure			
₹3,00,00,000 consisting of 30,00,000	₹3,00,00,000 consisting of 25,00,000	September 20,	AGM

Particulars of Change		Date of Shareholders' Meeting	AGM / EGM
From	To		
Equity shares of ₹10.00 each.	Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	1997	
₹3,00,00,000 consisting of 25,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	₹4,00,00,000 consisting of 35,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	January 23, 2003	EGM
₹4,00,00,000 consisting of 35,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	₹5,00,00,000 consisting of 45,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	March 2, 2009	EGM
₹5,00,00,000 consisting of 45,00,000 Equity Shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	₹10,00,00,000 consisting of 95,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	April 24, 2014	EGM
<i>Re-organisation of the capital structure</i>			
₹10,00,00,000 consisting of 95,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	₹10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹10.00 each.	July 9, 2018	EGM
₹10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹10.00 each.	₹45,00,00,000 consisting of 4,50,00,000 Equity shares of ₹10.00 each.	July 9, 2018	EGM

## 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 (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Cumulative Securities premium (₹)
March 17, 1992	20	100.00	100.00	Cash	Subscription to MoA <sup>(1)</sup>	20	2,000	Nil
August 20, 1994	70	100.00	100.00	Cash	Further Allotment <sup>(2)</sup>	90	9,000	Nil
December 7, 1994	7,000	100.00	100.00	Cash	Further Allotment <sup>(3)</sup>	7,090	7,09,000	Nil
May 27, 1995	1,07,500	100.00	100.00	Cash	Further Allotment <sup>(4)</sup>	1,14,590	1,14,59,000	Nil
June 15, 1996	Sub-division of nominal value of Equity Shares of our Company from ₹100.00 per Equity Share to ₹10.00 per Equity Share (EGM dated June 15, 1996).					11,45,900	1,14,59,000	Nil
September 30, 1996	1,90,940	10.00	10.00	Cash	Further Allotment <sup>(5)</sup>	13,36,840	1,33,68,400	Nil
August 17, 1997	63,160	10.00	10.00	Cash	Further Allotment <sup>(6)</sup>	14,00,000	1,40,00,000	Nil
September 20, 1997	7,00,000	10.00	N.A.	Other than Cash	Bonus Allotment <sup>(7)</sup>	21,00,000	2,10,00,000	Nil
March 30, 2002	4,00,000	10.00	10.00	Cash	Further Allotment <sup>(8)</sup>	25,00,000	2,50,00,000	Nil
March 30, 2006	8,35,800	10.00	10.00	Cash	Further Allotment <sup>(9)</sup>	33,35,800	3,33,58,000	Nil
March 31, 2006	1,00,000	10.00	100.00	Cash	Further Allotment <sup>(10)</sup>	34,35,800	3,43,58,000	90,00,000
October 26, 2009	2,18,978	10.00	200.00	Cash	Further Allotment <sup>(11)</sup>	36,54,778	3,65,47,780	5,06,05,820
March 30,	17,250	10.00	200.00	Cash	Further			

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)	Cumulative Securities premium (₹)
2010					Allotment <sup>(12)</sup>	36,72,028	3,67,20,280	5,38,83,320
December 5, 2011	92,625	10.00	200.00	Cash	Further Allotment <sup>(13)</sup>	37,64,653	3,76,46,530	7,14,82,070
January 28, 2013	50,000	10.00	200.00	Cash	Further Allotment <sup>(14)</sup>	38,14,653	3,81,46,530	8,09,82,070
December 21, 2013	32,500	10.00	200.00	Cash	Further Allotment <sup>(15)</sup>	38,47,153	3,84,71,530	8,71,57,070
May 28, 2014	38,47,153	10.00	N.A.	Other Than Cash	Bonus Allotment <sup>(16)</sup>	76,94,306	7,69,43,060	6,86,85,540
May 8, 2015	1,17,000	10.00	100.00	Cash	Further Allotment <sup>(17)</sup>	78,11,306	7,81,13,060	7,92,15,540
July 9, 2018	3,12,45,224	10.00	N.A.	Other Than Cash	Bonus Allotment in the ratio of 4:1 <sup>(18)</sup>	3,90,56,530	39,05,65,300	Nil

1. Initial allotment of 10 Equity Shares each to Harshvardhan Vasudeo Churi and Mahadev Narain Limbore, being the subscribers to the MoA of our Company.
2. Allotment of 10 Equity Shares each to B.V. Shetty, K. B. Bhandary, Sadashiv K. Shetty, Jaggannath Bhandari, Prashad K. Shetty, Raghuram K. Shetty and Nityanand Hegde.
3. Allotment of 3,500 Equity Shares each to Harshvardhan Vasudeo Churi and Savjibhai Haribhai Patel.
4. Allotment of 1,810 Equity Shares to Mahadeo Narayan Limbore, 4,580 Equity Shares to B.V. Shetty, 5,139 Equity Shares to K. B. Bhandary, 9,980 Equity Shares to Prasad K. Shetty, 13,980 Equity Shares to Raghuram K. Shetty, 4,250 Equity Shares to Sujata Shetty, 500 Equity Shares to Vanita R. Shetty, 3,916 Equity Shares to Krishna D. Shetty, 5,540 Equity Shares to S. K. Shetty, 1,000 Equity Shares to Savita Shetty, 4,000 Equity Shares to Vishala B. Shetty, 5,000 Equity Shares to Padma Bhandary, 2,500 K. B. Bhandary (HUF), 5,450 Equity Shares to S. N. Hegde, 2,100 Equity Shares to Sunita Hegde, 5,550 Equity Shares to Sashidhar Shetty, 2,500 Equity Shares to B. V. Shetty (HUF), 3,000 Equity Shares to SAMS Machines Private Limited, 4,000 Equity Shares to Surendra Kumar Hegde, 5,070 Equity Shares to Arvind Patel, 525 Equity Shares to V. J. Chury, 550 Equity Shares to V. V. Chury, 1,400 Equity Shares to A. V. Chury, 3,810 Equity Shares to H. M. Limbore, 1,000 Equity Shares to M/s. Suniti Plasto, 1200 Equity Shares to P. N. Vyas, 2,000 Equity Shares to Ramesh Shah, 3,150 Equity Shares to Mukesh Mehta and 4, 000 Equity Shares to A. S. Salvigor.
5. Allotment of 10,000 Equity Shares to Babu Shetty, 5,000 Equity Shares to R. K. Shetty, 10,000 Equity Shares to Vittala K. Bhandary, 3,100 Equity Shares to S. N. Hegde, 60,840 Equity Shares to Krishna D. Shetty, 20,000 Equity Shares to Surendra Kumar Hegde, 7,000 Equity Shares to Sashidhar B. Shetty, 17,000 Equity Shares to S. K. Shetty, 4,000 Equity Shares to Sunita Hegde, 40,000 Equity Shares to Vinoda S. Hegde, 4,000 Equity Shares to Savita S. Shetty and 10,000 Equity Shares to Sandhya Shetty.
6. Allotment of 6,500 Equity Shares to S. K. Shetty, 6,500 Equity Shares to Prasad K. Shetty, 22,660 Equity Shares to S. N. Hegde, 6,500 Equity Shares to Krishna D. Shetty, 10,000 Equity Shares to Surendra Kumar Hegde, 11,000 Equity Shares to Sashidhar Shetty.
7. Our Company vide shareholders resolution passed at EGM dated September 20, 1997 issued 7,00,000 Equity Shares as bonus shares to the existing shareholders in the ratio of 1 (One) Equity Share for every 2 (Two) Equity Share held by capitalization of profits of our Company. Allotment of 71,008 Equity Shares to Sadashiv K. Shetty, 73,094 Equity Shares to Prasad K. Shetty, 96,746 Equity Shares to Raghuram K. Shetty, 50,074 Equity Shares to Nityanand Hegde, 27,500 Equity Shares to Sujata S. Shetty, 7,500 Equity Shares to Babu K. Shetty, 2,500 Equity Shares to Shanta B. Shetty, 23,760 Equity Shares to R. K. Shetty, 5,000 Equity Shares to Vittala K. Bhandary, 22,500 Equity Shares to S. N. Hegde, 73,194 Equity Shares to Krishna Shetty, 35,050 Equity Shares to Surendra Kumar Hegde, 55,070 Equity Shares to Sashidhar B. Shetty, 20,000 Equity Shares to Vinoda S. Hegde, 7,000 Equity Shares to Savita S. Shetty, 2,500 Equity Shares to K. Pakeera Shetty, 3,375 Equity Shares to Divakar K. Shetty, 2,500 Equity Shares to Shashi Sanjeeva Shetty, 2,500 Equity Shares to Jagannath K. Shetty, 2,500 Equity Shares to Suresh Gopal Shetty, 2,500 Equity Shares to Sheela K. Shetty, 2,500 Equity Shares to Damodar Sanjeeva Shetty, 3,285 Equity Shares to Vasant Hoovayya Shetty, 2,500 Equity Shares to Supriya Shetty, 2,500 Equity Shares to Rajendra Shetty, 785 Equity Shares to Darayus B. Irani, 19,894 Equity Shares to Priyamvada Leasing & Finance Private Limited, 2,000 Equity Shares to Shankar Hegde, 2,000 Equity Shares to Shashikala Hegde, 1,505 Equity Shares to Rukamaya Hedge, 2,500 Equity Shares to M. Y. Shetty, 2,500 Vasanti M. Shetty, 2,500 Equity Shares to Hemant M. Shetty, 2,500 Equity Shares to Santosh M. Shetty, 2,500 Equity Shares to D. R. Shetty, 1,995 Equity Shares to Pravin M. Shetty, 2,000 Equity Shares to Satishkumar, 2,000 Equity Shares to Ramchandra Hegde, 2,000 Equity Shares to Mohan R. Hegde, 2,000 Equity Shares to Sapna M. Hegde, 2,280 Equity Shares to Usha S. Hegde, 2,500 Equity Shares to Chitra B. Shetty, 2,500 Equity Shares to H. B. Shetty, 470 Equity Shares to Priya D. Shetty, 2,165 Equity Shares to Tara S. Shetty, 2,500 Equity Shares to M. S. Hegde, 650 Equity Shares to Rama Hegde, 2,500 Equity Shares to Vishala R. Hegde, 2,500 Equity Shares to Rodwysin Rodrigues, 2,500 Equity Shares to Girish Akolkar, 2,500 Equity Shares to Sunil Singh, 2,500 Equity Shares to Ujwal Lotlikar, 2,500 Equity Shares to S. R. Hegde, 2,500 Equity Shares to Vanita R. Shetty, 2,500 Equity Shares to Lilavati P. Shetty, 2,500 Equity Shares to Chandrahas K. Shetty, 2,500 Equity Shares to Ravindranath K. Shetty, 2,500 Equity Shares to Usha R. Shetty, 2,500 Equity Shares to Nityanand K. Shetty, 2,500 Equity Shares to Dayanand Ariga, 2,500 Equity Shares to Girija Bhandary, 1,600 Equity Shares to Anil Choudhary and 5,000 Equity Shares to Sandhya B. Shetty.

8. Allotment of 1,87,000 Equity Shares to Sadashiv K. Shetty, 1,43,000 Equity Shares to Raghuram K. Shetty, 35,000 Equity Shares to Sujata Shetty and 35,000 Equity Shares to Vanita Shetty.
9. Allotment of 3,03,150 Equity Shares to Sadashiv K. Shetty, 92,650 Equity Shares to Raghuram K. Shetty, 1,78,200 Equity Shares to Sujata S. Shetty, 99,300 Equity Shares to Vanita R. Shetty, 24,500 Equity Shares to Sadashiv Kanyana Pakeera Shetty (HUF) and 1,38,000 Equity Shares to Raghuram K Shetty (HUF).
10. Allotment of 5,000 Equity Shares to Buniyad Chemicals Limited, 16,000 Equity Shares to Talent Infoway Limited, 4,000 Equity Shares to Jaihind Synthetics Limited, 50,000 Equity Shares to Harbhole Tradelink Private Limited and 25,000 Equity Shares to Prisha Tradelink Private Limited.
11. Allotment of 13,581 Equity Shares to Sadashiv K. Shetty, 590 Equity Shares to Sujata Shetty, 7,560 Equity Shares to Sadashiv Kanyana Pakeera Shetty (HUF), 18,747 Equity Shares to Raghuram K. Shetty, 2,500 Equity Shares to Buniyad Chemicals Limited, 5,000 to Jaihind Synthetics Limited, 2,500 Equity Shares to Talent Infoway Limited, 2,500 Equity Shares to Mihir Agencies Private Limited, 2,500 Equity Shares to Alpha Chemie Trade Agencies Private Limited, 10,000 Equity Shares to M/s. Hetu Investment & Trading Company, 31,250 Equity Shares to Highland Industries Limited, 25,000 Equity Shares to Supreme Communications Limited, 13,750 Equity Share to Nimbus Industries Limited, 38,750 Equity Shares to Innovative Print Form Limited, 24,750 Equity Shares to Pet Plastics Limited, 10,000 Equity Shares to Alpha Graphics India Limited and 10,000 Equity Shares to Milenium Cypertech Limited.
12. Allotment of 5,000 Equity Shares to Stocknet International Limited, 12,250 Equity Shares to Artilegance Bio-innovations Limited.
13. Allotment of 92,625 Equity Shares to SAMS Industries Limited.
14. Allotment of 50,000 Equity Shares to SAMS Industries Limited.
15. Allotment of 18,500 Equity Shares to Sadashiv K. Shetty and 14,000 Equity Shares to Raghuram K. Shetty.
16. Our Company vide shareholders resolution passed at EGM dated May 28, 2014 issued 38,47,153 Equity Shares as bonus shares to the existing shareholders as on March 31, 2014 in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held by capitalizing ₹2,00,00,000 out of the General Reserves and ₹1,84,71,530 out of Securities Premium Account of our Company. Allotment of 15,42,316 Equity Shares to Sadashiv K. Shetty, 10,32,085 Equity Shares to Raghuram K. Shetty, 3,17,290 Equity Shares to Sujata S. Shetty, 2,01,800 Equity Shares to Vanita R. Shetty, 22,500 Equity Shares to Babu K Shetty, 7,500 Equity Shares to Shanta B Shetty, 90,027 Equity Shares to R. K. Shetty, 15,000 Equity Shares to Vittala K. Bhandary, 100 Equity Shares to Bhupendra D. Patel jointly with Raghuram K. Shetty, 100 Equity Shares to Jagdish P. Patel jointly with Sadashiv K. Shetty, 94,250 Equity Shares to Shreya S. Shetty, 32,060 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 1,38,000 Equity Shares to Raghuram Pakeera Shetty HUF, 1,42,625 Equity Shares to SAMS Industries limited, 63,625 Equity Shares to Raunak R. Shetty, 84,250 Equity Shares to Shriraj S. Shetty and 63,625 Equity Shares to Roshan R. Shetty.
17. Allotment of 53,500 Equity Shares to Sadashiv K. Shetty, 52,000 Equity Shares to Raghuram K. Shetty, 11,500 Equity Shares to Sujata S. Shetty.
18. Our Company vide shareholders resolution passed at EGM dated July 9, 2018 issued 3,12,45,224 Equity Shares as bonus shares to the existing shareholders in the ratio of 4 (Four) Equity Share for every 1 (One) Equity Share held by capitalizing ₹31,24,52,240 out of the Securities premium / free reserves of our Company. Allotment of 1,25,52,528 Equity Shares to Sadashiv K. Shetty, 84,64,680 Equity Shares to Raghuram K. Shetty, 25,84,320 Equity Shares to Sujata S. Shetty, 16,14,400 Equity Shares to Vanita R. Shetty, 1,80,000 Equity Shares to Babu K. Shetty, 60,000 Equity Shares to Shanta B. Shetty, 7,20,216 Equity Shares to R. K. Shetty, 1,20,000 Equity Shares to Vittala K. Bhandary, 800 Equity Shares to Bhupendra D. Patel jointly with Raghuram K. Shetty, 800 Equity Shares to Jagdish P. Patel jointly with Sadashiv K. Shetty, 7,54,000 Equity Shares to Shreya S. Shetty, 2,56,480 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 11,04,000 Equity Shares to Raghuram K Shetty HUF, 11,41,000 Equity Shares to SAMS Industries Limited, 5,09,000 Equity Shares to Raunak R. Shetty, 6,74,000 Equity Shares to Shriraj S. Shetty and 5,09,000 Equity Shares to Roshan R. Shetty.

B) The history of 12% Cumulative Redeemable Preference Shares of our Company is set forth below:

Date of allotment/ Redemption	Number of Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Shares	Cumulative paid-up Share capital (₹)	Cumulative Securities premium (₹)
March 30, 2002	1,121	100.00	100.00	Cash	Further Allotment <sup>(1)</sup>	1,121	1,12,100	Nil
September 20, 2002	24,000	100.00	100.00	Cash	Further Allotment <sup>(2)</sup>	25,121	25,12,100	Nil
March 31, 2018	(25,121)	100.00	100.00	Cash	Redemption <sup>(3)</sup>	Nil	Nil	Nil

1. Allotment of 500 Preference Shares to Sadashiv K. Shetty and 621 Preference Shares to Raghuram K. Shetty.
2. Allotment of 9,600 Preference Shares to Sadashiv K. Shetty, 6,000 Preference Shares to Raghuram K. Shetty, 4,800 Preference Shares to Sujata S. Shetty, 3,600 Preference Shares to Vanita R. Shetty.
3. 25,121, 12% Cumulative Redeemable Preference Shares were redeemed at par by our Company on March 31, 2018.

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

Our Company has made bonus issues of Equity Shares in the past. Details of the bonus issues are provided in the following table:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of allotment	Benefits Accrued to our Company	Source out of which Bonus Shares Issued
September 20, 1997	7,00,000	10.00	N.A.	Bonus Allotment <sup>(1)</sup>	-	₹ 70,00,000 out of General Reserve
May 28, 2014	38,47,153	10.00	N.A.	Bonus Allotment <sup>(2)</sup>	-	₹ 2,00,00,000 out of General Reserve & ₹ 1,84,71,530 Security Premium
July 9, 2018	3,12,45,224	10.00	N.A.	Bonus Allotment <sup>(3)</sup>	-	₹ 23,32,36,700 out of General Reserve & ₹ 7,92,15,540 out of Security Premium

- Our Company vide shareholders resolution passed at EGM dated September 20, 1997 issued 7,00,000 Equity Shares as bonus shares to the existing shareholders in the ratio of 1 (One) Equity Share for every 2 (Two) Equity Share held by capitalization of profits of our Company. Allotment of 71,008 Equity Shares to Sadashiv K. Shetty, 73,094 Equity Shares to Prasad K. Shetty, 96,746 Equity Shares to Raghuram K. Shetty, 50,074 Equity Shares to Nityanand Hegde, 27,500 Equity Shares to Sujata S. Shetty, 7,500 Equity Shares to Babu K. Shetty, 2,500 Equity Shares to Shanta B. Shetty, 23,760 Equity Shares to R. K. Shetty, 5,000 Equity Shares to Vittala K. Bhandary, 22,500 Equity Shares to S. N. Hegde, 73,194 Equity Shares to Krishna Shetty, 35,050 Equity Shares to Surendra Kumar Hegde, 55,070 Equity Shares to Sashidhar B. Shetty, 20,000 Equity Shares to Vinoda S. Hegde, 7,000 Equity Shares to Savita S. Shetty, 2,500 Equity Shares to K. Pakeera Shetty, 3,375 Equity Shares to Divakar K. Shetty, 2,500 Equity Shares to Shashi Sanjeeva Shetty, 2,500 Equity Shares to Jagannath K. Shetty, 2,500 Equity Shares to Suresh Gopal Shetty, 2,500 Equity Shares to Sheela K. Shetty, 2,500 Equity Shares to Damodar Sanjeeva Shetty, 3,285 Equity Shares to Vasant Hoovayya Shetty, 2,500 Equity Shares to Supriya Shetty, 2,500 Equity Shares to Rajendra Shetty, 785 Equity Shares to Darayus B. Irani, 19,894 Equity Shares to Priyamvada Leasing & Finance Private Limited, 2,000 Equity Shares to Shankar Hegde, 2,000 Equity Shares to Shashikala Hegde, 1,505 Equity Shares to Rukamaya Hedge, 2,500 Equity Shares to M. Y. Shetty, 2,500 Vasanti M. Shetty, 2,500 Equity Shares to Hemant M. Shetty, 2,500 Equity Shares to Santosh M. Shetty, 2,500 Equity Shares to D. R. Shetty, 1,995 Equity Shares to Pravin M. Shetty, 2,000 Equity Shares to Satishkumar, 2,000 Equity Shares to Ramchandra Hegde, 2,000 Equity Shares to Mohan R. Hegde, 2,000 Equity Shares to Sapna M. Hegde, 2,280 Equity Shares to Usha S. Hegde, 2,500 Equity Shares to Chitra B. Shetty, 2,500 Equity Shares to H. B. Shetty, 470 Equity Shares to Priya D. Shetty, 2,165 Equity Shares to Tara S. Shetty, 2,500 Equity Shares to M. S. Hegde, 650 Equity Shares to Rama Hegde, 2,500 Equity Shares to Vishala R. Hegde, 2,500 Equity Shares to Rodwysin Rodrigues, 2,500 Equity Shares to Girish Akolkar, 2,500 Equity Shares to Sunil Singh, 2,500 Equity Shares to Ujwal Lotlikar, 2,500 Equity Shares to S. R. Hegde, 2,500 Equity Shares to Vanita R. Shetty, 2,500 Equity Shares to Lilavati P. Shetty, 2,500 Equity Shares to Chandrahas K. Shetty, 2,500 Equity Shares to Ravindranath K. Shetty, 2,500 Equity Shares to Usha R. Shetty, 2,500 Equity Shares to Nityanand K. Shetty, 2,500 Equity Shares to Dayanand Ariga, 2,500 Equity Shares to Girija Bhandary, 1,600 Equity Shares to Anil Choudhary and 5,000 Equity Shares to Sandhya B. Shetty.
- Our Company vide shareholders resolution passed at EGM dated May 28, 2014 issued 38,47,153 Equity Shares as bonus shares to the existing shareholders as on March 31, 2014 in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held by capitalizing ₹2,00,00,000 out of the General Reserves and ₹1,84,71,530 out of Securities Premium Account of our Company. Allotment of 15,42,316 Equity Shares to Sadashiv K. Shetty, 10,32,085 Equity Shares to Raghuram K. Shetty, 3,17,290 Equity Shares to Sujata S. Shetty, 2,01,800 Equity Shares to Vanita R. Shetty, 22,500 Equity Shares to Babu K Shetty, 7,500 Equity Shares to Shanta B Shetty, 90,027 Equity Shares to R. K. Shetty, 15,000 Equity Shares to Vittala K. Bhandary, 100 Equity Shares to Bhupendra D. Patel jointly with Raghuram K. Shetty, 100 Equity Shares to Jagdish P. Patel jointly with Sadashiv K. Shetty, 94,250 Equity Shares to Shreya S. Shetty, 32,060 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 1,38,000 Equity Shares to Raghuram Pakeera Shetty HUF, 1,42,625 Equity Shares to SAMS Industries limited, 63,625 Equity Shares to Raunak R. Shetty, 84,250 Equity Shares to Shriraj S. Shetty and 63,625 Equity Shares to Roshan R. Shetty.
- Our Company vide shareholders resolution passed at EGM dated July 9, 2018 issued 3,12,45,224 Equity Shares as bonus shares to the existing shareholders in the ratio of 4 (Four) Equity Share for every 1 (One) Equity Share held by capitalizing ₹31,24,52,240 out of the Securities premium / free reserves of our Company. Allotment of 1,25,52,528 Equity Shares to Sadashiv K. Shetty, 84,64,680 Equity Shares to Raghuram K. Shetty, 25,84,320 Equity Shares to Sujata S. Shetty, 16,14,400 Equity Shares to Vanita R. Shetty, 1,80,000 Equity Shares to Babu K. Shetty, 60,000 Equity Shares to Shanta B. Shetty, 7,20,216 Equity Shares to R. K. Shetty, 1,20,000 Equity Shares to Vittala K. Bhandary, 800 Equity Shares to Bhupendra D. Patel jointly with Raghuram K. Shetty, 800 Equity Shares to Jagdish P. Patel jointly with Sadashiv K. Shetty, 7,54,000 Equity Shares to Shreya S. Shetty, 2,56,480 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 11,04,000 Equity Shares to Raghuram K Shetty HUF, 11,41,000 Equity Shares to SAMS Industries Limited, 5,09,000 Equity Shares to Raunak R. Shetty, 6,74,000 Equity Shares to Shriraj S. Shetty and 5,09,000 Equity Shares to Roshan R. Shetty.
- Issue of Equity Shares pursuant to Scheme of Amalgamation approved under Sections 391-394 of the Companies Act, 1956 or under Section 230-233 of the Companies Act, 2013.**

No Equity Shares have been allotted by our Company pursuant to any scheme approved under Sections 391-394 of the Companies Act, 1956 or Section 230-233 of the Companies Act, 2013.



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

For details of issue of Equity Shares by our Company in the preceding two years, refer “- History of Issued and Paid Up Share Capital of our Company - Capital Structure” on page 61.

## 6. Issue of Equity Shares in the last one year below the Offer Price:

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 Red Herring Prospectus at a price which is lower than the Offer Price.

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Percentage of Pre- Offer Equity Share Capital (%)	Percentage of Post- Offer Equity Share Capital (%)
July 9, 2018	3,12,45,224	10.00	N.A.	Nil	Bonus Allotment <sup>(1)</sup>	80.00%	73.45%

1. Our Company vide shareholders resolution passed at EGM dated July 9, 2018 issued 3,12,45,224 Equity Shares as bonus shares to the existing shareholders in the ratio of 4 (Four) Equity Share for every 1 (One) Equity Share held by capitalizing ₹31,24,52,240 out of the Securities premium / free reserves of our Company. Allotment of 1,25,52,528 Equity Shares to Sadashiv K. Shetty, 84,64,680 Equity Shares to Raghuram K. Shetty, 25,84,320 Equity Shares to Sujata S. Shetty, 16,14,400 Equity Shares to Vanita R. Shetty, 1,80,000 Equity Shares to Babu K Shetty, 60,000 Equity Shares to Shanta B Shetty, 7,20,216 Equity Shares to R. K. Shetty, 1,20,000 Equity Shares to Vithal Bhandary, 800 Equity Shares to Bhupendra Patel jointly with Raghuram K. Shetty, 800 Equity Shares to Jagdish Patel jointly with Sadashiv K. Shetty, 7,54,000 Equity Shares to Shreya Shetty, 2,56,480 Equity Shares to Sadashiv Kanyana Pakeera Shetty HUF, 11,04,000 Equity Shares to Raghuram K Shetty HUF, 11,41,000 Equity Shares to SAMS Industries Limited, 5,09,000 Equity Shares to Raunak Shetty, 6,74,000 Equity Shares to Shirraj Shetty and 5,09,000 Equity Shares to Roshan Shetty.

## 7. Build Up of our Promoters Shareholding, Promoters Contribution and Lock-In:

As on the date of this Draft Red Herring Prospectus, our Promoters holds 2,71,73,780 Equity Shares, constituting 69.58% of the pre-offer, 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 ₹)	Issue Price / Acquisition Price / Transfer price per Equity Share (in ₹)	Nature of Consideration	Percentage of Pre- Offer Equity Share Capital (%)	Percentage of Post- Offer Equity Share Capital (%)*
<b>Sadashiv K. Shetty</b>							
August 20, 1994	Further Allotment	10	100	100	Cash		
May 27, 1995	Further Allotment	5,540	100	100	Cash		
June 15, 1996	Sub-division of nominal value of Equity Shares of our Company from ₹100.00 per Equity Share to ₹10.00 per Equity Share (EGM dated June 15, 1996).						
	After Sub-division	55500				0.14%	0.13%
July 22, 1996	Purchase	63016	10	10	Cash	0.16%	0.15%
September 30, 1996	Further Allotment	17,000	10	10	Cash	0.04%	0.04%
August 17, 1997	Further Allotment	6,500	10	10	Cash	0.02%	0.02%
September 20, 1997	Bonus Allotment	71,008	10	Nil	Other than cash	0.18%	0.17%
June 26, 2001	Purchase	7,96,701	10	10	Cash	2.04%	1.87%

June 26, 2001	Transfer	-100	10	10	Cash	0.00%	0.00%
March 30, 2002	Further Allotment	1,87,000	10	10	Cash	0.48%	0.44%
November 30, 2004	Purchase	33,485	10	10	Cash	0.09%	0.08%
June 30, 2005	Purchase	89,925	10	10	Cash	0.23%	0.21%
March 30, 2006	Further Allotment	3,03,150	10	10	Cash	0.78%	0.71%
October 26, 2009	Further Allotment	13,581	10	200	Cash	0.03%	0.03%
May 28, 2013	Transfer to Raghuram Shetty	-1,12,950	10	10	Cash	-0.29%	-0.27%
December 21, 2013	Further Allotment	18,500	10	200	Cash	0.05%	0.04%
May 28, 2014	Bonus Allotment	15,42,316	10	N. A.	Other than cash	3.95%	3.63%
May 8, 2015	Further Allotment	53,500	10	100	Cash	0.14%	0.13%
July 9, 2018	Bonus Allotment	1,25,52,528	10	N. A.	Other than cash	32.14%	29.51%
September 25, 2018	Purchase	1,000	10	100	Cash	0.00%	0.00%
	<b>Sub total</b>	<b>1,56,91,660</b>				<b>40.18%</b>	<b>36.89%</b>
<b>Less: Shares Offered for Sale</b>		<b>71,36,000</b>					
<b>Total (A)</b>		<b>85,55,660</b>					<b>20.11%</b>
<b>Raghuram K. Shetty</b>							
August 20, 1994	Further Allotment	10	100	100	Cash		
May 27, 1995	Further Allotment	13,980	100	100	Cash		
June 15, 1996	Sub-division of nominal value of Equity Shares of our Company from ₹100.00 per Equity Share to ₹10.00 per Equity Share (EGM dated June 15, 1996).						
	After Sub-division	1,39,900				0.36%	0.33%
July 22, 1996	Purchase	96,112	10	10	Cash	0.25%	0.23%
September 30, 1996	Further Allotment	5,000	10	10	Cash	0.01%	0.01%
September 20, 1997	Bonus Allotment	1,20,506	10	N.A.	Other than cash	0.31%	0.28%
June 26, 2001	Purchase	4,39,347	10	10	Cash	1.12%	1.03%
June 26, 2001	Transfer	-100	10	10	Cash	0.00%	0.00%
March 30, 2002	Further Allotment	1,43,000	10	10	Cash	0.37%	0.34%
March 30, 2006	Further Allotment	92,650	10	10	Cash	0.24%	0.22%
October 26, 2009	Further Allotment	18,747	10	200	Cash	0.05%	0.04%
March 15, 2013	Transfer to Vanita R. Shetty	-60,000	10	10	Cash	-0.15%	-0.14%
May 28, 2013	Transfer from Sadashiv Shetty	1,12,950	10	10	Cash	0.29%	0.27%
December 21, 2013	Further Allotment	14,000	10	200	Cash	0.04%	0.03%
May 28, 2014	Bonus Allotment	11,22,112	10	N.A.	Other than cash	2.87%	2.64%
May 8, 2015	Further Allotment	52,000	10	10	Cash	0.13%	0.12%
July 9, 2018	Bonus Allotment	91,84,896	10	N. A.	Other than cash	23.52%	21.59%

September 25, 2018	Purchase	1,000	10	100	Cash	0.00%	0.00%
	<b>Total (B)</b>	<b>1,14,82,120</b>				<b>29.40%</b>	<b>26.99%</b>
	<b>Total (A)+(B)</b>	<b>2,00,37,780</b>					<b>47.10%</b>

*\* Subject to finalisation of Basis of Allotment*

Our Promoters have confirmed to our company and the BRLM that the acquisition of the Equity Shares forming part of the Promoters Contribution has been financed from personal funds/internal accruals and no loans or financial assistance from any banks or financial institution has been availed by our Promoters for this purpose. All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

#### **Build Up of our Promoters Shareholding - 12% Cumulative Redeemable Preference Shares**

Date of Allotment / Transfer	Nature of acquisition (Allotment / Acquired / transfer)	Number of Preference Shares	Face Value per Preference Share (in ₹)	Issue Price / Acquisition Price / Transfer price per Preference Share (in ₹)	Nature of Consideration
<b>Sadashiv K. Shetty</b>					
March 30, 2002	Further Allotment	500	100.00	100.00	Cash
September 20, 2002	Further Allotment	9600	100.00	100.00	Cash
March 31, 2018	Redemption	(10,100)	100.00	100.00	Cash
	<b>Total (A)</b>	<b>Nil</b>			
<b>Raghuram K. Shetty</b>					
March 30, 2002	Further Allotment	621	100.00	100.00	Cash
September 20, 2002	Further Allotment	6000	100.00	100.00	Cash
March 31, 2018	Redemption	(6,621)	100.00	100.00	Cash
	<b>Total (B)</b>	<b>Nil</b>			

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

Pursuant to Regulations 32 and 36 of the SEBI (ICDR) Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be provided towards minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("**Minimum Promoters' Contribution**").

Details of the Equity Shares (eligible for inclusion in the Minimum Promoters' Contribution, in terms of Regulation 33 of the SEBI (ICDR) Regulations) forming part of Minimum 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 / Acquired / transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue Price / Acquisition Price / Transfer price per Equity Share (in ₹)	Nature of Consideration	Percentage of Pre-Offer Equity Share Capital (%)	Percentage of Post-Offer Equity Share Capital (%)*
<b>Sadashiv K. Shetty</b>							
July 9, 2018	Bonus Allotment	42,55,000	10	Nil	Bonus Issue	10.89%	10.00%
<b>Raghuram K. Shetty</b>							
July 9, 2018	Bonus Allotment	42,55,000	10	Nil	Bonus Issue	10.89%	10.00%
<b>Total</b>		<b>85,10,000</b>				<b>21.79%</b>	<b>20.00%</b>

*\* Subject to finalisation of Basis of Allotment*

Our Promoters have granted consent to include such number of Equity Shares held by them as may constitute 20% of the

post Offer Equity Share capital of our Company as Minimum Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Minimum Promoters' Contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above, or for such other time as required under SEBI (ICDR) Regulations, except as may be permitted, in accordance with the SEBI (ICDR) Regulations. For details on build-up of Equity Shares held by our Promoters, refer “– *Build-up of our Promoters shareholding in our Company*” at page 65.

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

- (i) The Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets, or (b) bonus shares issued out of revaluations reserves or unrealized profits or against equity shares which are otherwise ineligible for computation of Promoters Contribution;
  - (ii) The Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
  - (iii) Our Company has not been formed by conversion of a partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion of a partnership firm; and
  - (iv) Equity Shares held by the Promoters that are subject to any pledge or any other form of encumbrance.
  - (v) The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new Promoter/s or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferee/s for the remaining period and compliance with the SEBI (SAST) Regulations, as applicable.
- c) *Equity Shares locked-in for one year*

Except for (a) the Promoters' Contribution which shall be locked in as above and (b) Offered Shares which are successfully transferred pursuant to the Offer for Sale by the Selling Shareholders, the entire pre-Offer equity share capital of our Company (including those Equity Shares held by our Promoters in excess of Promoters' Contribution), shall be locked in for a period of one year from the date of Allotment. Further, any unsubscribed portion of the Equity Shares being offered by the Selling Shareholder in the Offer for Sale, would also be locked-in as required under the SEBI ICDR Regulations.

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 Promoters 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 Offer.

Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoter, 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 SEBI (SAST) 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 SEBI (SAST) Regulations, as applicable.

e) *Lock-in of the Equity Shares to be allotted to the Anchor Investors*

Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment. We further confirm that our Minimum Promoters Contribution does not include any contribution from Alternative Investment Fund.

## 8. Our shareholding pattern

Pursuant to Regulation 31 of the SEBI (LODR) 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 (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV) + (V) + (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (XI)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding 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 dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class : Equity	Class :preference	Total								
(A)	Promoter & Promoter Group	14	3,90,56,530	-	-	3,90,56,530	100.00%	3,90,56,530	-	3,90,56,530	100.00%	-	-	-	-	-	-	20,38,106
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>14</b>	<b>3,90,56,530</b>	<b>-</b>	<b>-</b>	<b>3,90,56,530</b>	<b>100.00%</b>	<b>3,90,56,530</b>	<b>-</b>	<b>3,90,56,530</b>	<b>100.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,38,106</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.

- 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 Stock Exchanges before commencement of trading of our Equity Shares.
- There are no Equity Shares against which depository receipts have been issued.
- Other than the Equity Shares, there is no other class of securities issued by our Company.

9. The shareholding pattern of our Promoters and Promoter Group before and after the Offer is set forth below:

Sr.	Particulars	Pre-Offer		Post-Offer	
		No. of Shares	% Holding	No. of Shares	% Holding*
(A)	<b>Promoters</b>				
1.	Sadashiv K. Shetty	1,56,91,660	40.18%	85,55,660*	20.11%
2.	Raghuram K. Shetty	1,14,82,120	29.40%	1,14,82,120	26.99%
	<b>Total (A)</b>	<b>2,71,73,780</b>	<b>69.58%</b>	<b>2,00,37,780</b>	<b>47.10%</b>
(B)	<b>Members of Promoter Group</b>				
1.	Sujata S. Shetty	32,30,400	8.27%	32,30,400	7.59%
2.	Vanita R. Shetty	20,18,000	5.17%	20,18,000	4.74%
3.	Sams Industries Limited	14,26,250	3.65%	14,26,250	3.35%
4.	Raghuram K Shetty HUF	13,80,000	3.53%	13,80,000	3.24%
5.	Shreya Shetty	9,42,500	2.41%	9,42,500	2.22%
6.	Shriraj S. Shetty	8,42,500	2.16%	8,42,500	1.98%
7.	Raunak R Shetty	6,36,250	1.63%	6,36,250	1.50%
8.	Roshan R Shetty	6,36,250	1.63%	6,36,250	1.50%
9.	Sadashiv Kanyana Pakeera Shetty HUF	3,20,600	0.82%	3,20,600	0.75%
10.	Babu K Shetty	1,50,000	0.38%	1,10,000*	0.26%
11.	Sandhya Bhandary	1,50,000	0.38%	1,50,000	0.35%
12.	Vittala K. Bhandary	1,50,000	0.38%	1,10,000*	0.26%
	<b>Total (B)</b>	<b>1,18,84,750</b>	<b>30.43%</b>	<b>1,18,02,750</b>	<b>27.74%</b>
	<b>Total (A)+(B)</b>	<b>3,90,56,530</b>	<b>100.00%</b>	<b>3,18,40,530</b>	<b>74.85%</b>

\*Subject to finalisation of Basis of Allotment and completion of offer for sale by Selling Shareholders, Sadashiv K. Shetty, Babu K. Shetty and Vittala K. Bhandary.

10. 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 ₹)
Sadashiv K. Shetty	1,56,91,660	1.67
Raghuram K. Shetty	1,14,82,120	1.47

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 each of our Promoter has been certified by M/s. Aniket Kulkarni & Associates, Chartered Accountants vide certificate dated September 27, 2018.

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

Name	No. of Equity Shares held	Pre-Offer percentage of Shareholding
(A) Directors		
Sadashiv K. Shetty	1,56,91,660	40.18%
Raghuram K. Shetty	1,14,82,120	29.40%
Sujata S. Shetty	32,30,400	8.27%
Vanita R. Shetty	20,18,000	5.17%
Raunak R. Shetty	6,36,250	1.63%
<b>Total (A)</b>	<b>3,30,58,430</b>	<b>84.65%</b>
(B) Key Managerial Personnel	--	--
<b>Total (B)</b>	<b>Nil</b>	<b>Nil</b>
<b>Total (A)+(B)</b>	<b>3,30,58,430</b>	<b>84.65%</b>

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

a. The top 10 Shareholders as on the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Sadashiv K. Shetty	1,56,91,660	40.18%
2.	Raghuram K. Shetty	1,14,82,120	29.40%
3.	Sujata S. Shetty	32,30,400	8.27%
4.	Vanita R. Shetty	20,18,000	5.17%
5.	Sams Industries Limited	14,26,250	3.65%
6.	Raghuram K Shetty HUF	13,80,000	3.53%
7.	Shreya Shetty	9,42,500	2.41%
8.	Shriraj S. Shetty	8,42,500	2.16%
9.	Raunak R Shetty	6,36,250	1.63%
10.	Roshan R Shetty	6,36,250	1.63%
	<b>Total</b>	<b>3,82,85,930</b>	<b>98.03%</b>

b. The top 10 Shareholders 10 days prior to the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Sadashiv K. Shetty	1,56,90,660	40.17%
2.	Raghuram K. Shetty	1,14,81,120	29.40%
3.	Sujata S. Shetty	32,30,400	8.27%
4.	Vanita R. Shetty	20,18,000	5.17%
5.	Sams Industries Limited	14,26,250	3.65%
6.	Raghuram K Shetty HUF	13,80,000	3.53%
7.	Shreya Shetty	9,42,500	2.41%
8.	Shriraj S. Shetty	8,42,500	2.16%
9.	Raunak R Shetty	6,36,250	1.63%
10.	Roshan R Shetty	6,36,250	1.63%
	<b>Total</b>	<b>3,82,83,930</b>	<b>98.02%</b>

c. The top 10 Shareholders two years prior to the date of filing of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of shareholder	No. of Equity Shares	% of Issued Capital
1.	Sadashiv K. Shetty	31,38,132	40.17
2.	Raghuram K. Shetty	21,16,170	27.09
3.	Sujata S. Shetty	6,46,080	8.27
4.	Vanita R. Shetty	4,03,600	5.17
5.	Raghuram K Shetty – HUF	2,76,000	3.53
6.	SAMS Industries Limited	2,85,250	3.65
7.	Shreya Shetty	1,88,500	2.41
8.	R. K. Shetty	1,80,054	2.31
9.	Shriraj Shetty	1,68,500	2.16
10.	Raunak Shetty	1,27,250	1.63
10.	Roshan Shetty	1,27,250	1.63
	<b>Total</b>	<b>76,56,786</b>	<b>98.02</b>

\*On Sr. No. 10, there are 2 shareholders holding 1,27,250 Equity Shares

13. 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 Offer. 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.
14. 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 Red Herring 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 Offer, 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.

15. Except as mentioned below, none of our Promoters, members of our Promoter Group or our Directors or their immediate relatives have sold or purchased Equity Shares during the six months immediately preceding the date of this Draft Red Herring Prospectus.

Date	Details	No. of Equity Shares	Price per Equity Share (₹)
September 25, 2018	Sadashiv K. Shetty purchased from Jagdish Patel Jointly Sadashiv K. Shetty	1000	100
September 25, 2018	Raghuram K. Shetty purchased from Bhupendra Patel Jointly Sadashiv K. Shetty	1000	100

16. There have been no financial arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, during a period of six months preceding the date of this Draft Red Herring Prospectus, other than in the normal course of business of the financing entity.
17. Our Company, our Promoters, our Directors and the BRLM to this Offer have not entered into any buy-back and/or standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through this Draft Red Herring Prospectus.
18. There are no safety net arrangements for this public issue.
19. An oversubscription to the extent of 10% of the Offer 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 Offer as a result of which, the post-offer paid up capital after the Offer 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 Offer paid-up capital is locked in for 3 years.
20. Under-subscription in the Net Offer, if any, except in QIB Portion 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 Selling shareholders and the BRLM and the Stock Exchanges.
21. The Offer is being made for at least 25% of the post-Offer paid-up Equity Share capital of our Company wherein not more than 50.00% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the Selling shareholders and the BRLM may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. Further not less than 15.00% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35.00% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.
22. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
23. All the Equity Shares of our Company are fully paid up as on the date of this Draft Red Herring Prospectus. Further, since the entire money in respect of the Offer is being called on application, all the successful applicants

will be issued fully paid-up equity shares.

24. As per RBI regulations, OCBs are not allowed to participate in this Offer.
25. Our Company has not raised any bridge loan against the proceeds of this Offer. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.
26. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
27. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
28. 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 Offer.
29. We have 14 (Fourteen) Shareholders as on the date of this Draft Red Herring Prospectus.
30. Our Promoters and the members of our Promoter Group will not participate in this Offer.
31. Our Company has not made any public issue since its incorporation.
32. As on the date of this Draft Red Herring Prospectus, the BRLM 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. The BRLM and their respective affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company, for which they may in the future receive customary compensation.
33. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the members of the Promoter Group between the date of filing this Draft Red Herring Prospectus and the Offer Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
34. For the details of transactions by our Company with the members of our Promoter Group, Group Companies refer to paragraph titled “*Statement of Transactions with Related Parties, as Restated*” in ‘*Financial Statements*’ on page 168.

## OBJECTS OF THE OFFER

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

### The Offer for Sale

The Selling shareholders will be entitled to the proceeds of the Offer for Sale after deducting their portion of the Issue related expenses. Our Company will not receive any proceeds from the Offer for Sale.

### The Fresh Issue

The Net Proceeds from the Fresh Issue are proposed to be utilized towards the following objects:

1. Meeting Additional Working Capital Requirements
2. General Corporate Purposes

We believe that listing will give more visibility and enhance corporate brand image of our Company. We also believe that our Company and shareholders will receive the benefits from listing of Equity Shares on the Stock Exchanges. It will also provide liquidity to the existing shareholders and will also create a public trading market for the Equity Shares of our Company.

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, see “History and Certain Corporate Matters” on page 132.

### Issue Proceeds and Net Proceeds

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

S. No.	Particulars	Amount (₹ in lakhs)
1	Gross Proceeds of the Fresh Issue	[●]
2	Issue Expenses payable by our company*	[●]
3	<b>Net Proceeds of the Issue (excluding the Issue Expenses) (“Net Proceeds”)</b>	<b>[●]</b>

\* All expenses for the Offer shall be shared amongst our company and Selling shareholders as specified in the section entitled “- Issue Related Expenses” on page 77.

### Utilization of Net Proceeds and Means of Finance

The proposed utilisation of the Net Proceeds is set forth below:

Sr.No.	Object	Amount Proposed to be Utilised from the Net Proceeds (₹in lakhs)
1.	Meeting Additional Working Capital Requirements	[●]
2.	General Corporate Purposes	[●]
	<b>Total</b>	<b>[●]</b>

We propose to meet the entire fund requirement 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 Objects of the Issue

### 1. Meeting additional working capital requirements

We will need additional working capital for the growth of our business. We have estimated our additional working capital requirements for FY 2019 which will be funded through the proposed public issue. The working capital will be primarily used for expanding our business operations.

Our Company proposes to meet the incremental requirement to the extent of ₹ [●] Lakhs for the FY 2019 from the Net Proceeds of the Issue. The details of working capital are as mentioned below:

Particulars	31-Mar-18		31-Mar-19	
	Actuals	No. of Days	Estimated	No. of Days
<b>Current Assets</b>				
Trade Receivables	20,308.25	99.48	27,438.36	100.00
Inventories	9,399.78	46.05	12,347.26	45.00
Short term loans & advances and other Current Assets	6,559.41		7,500.00	
<b>Total</b>	<b>36,267.44</b>		<b>47,285.62</b>	
<b>Current Liabilities</b>				
Trade payables	17,841.94	130.33	17,162.69	90.00
Other Current Liabilities & Other financial liabilities	1,195.19		1,500.00	
Short Term Provisions & Current tax Liabilities (Net)	1,778.14		3,304.00	
<b>Total</b>	<b>20,815.27</b>		<b>21,966.69</b>	
Working Capital Gap	<b>15,452.17</b>		<b>25,318.92</b>	
Less: Existing Bank Borrowings	7,574.21		7,900.00	
<b>Net Working Capital Requirement</b>	<b>7,877.96</b>		<b>17,418.92</b>	
<b>Proposed Working Capital to be funded from IPO</b>	<b>0.00</b>		<b>[●]</b>	
Funded through Internal Accruals and Loan funds	7,877.96		7,877.96	

### Justification (FY 2018-19):

<b>Trade Receivables</b>	We expect Debtors Holding days to be at appx. 100 Days for Fiscal 2018-19 based on increased business and in line with our existing credit terms.
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<b>Inventories</b>	We expect our inventory holding period to be similar as that of previous year i.e. approx. 45 days. Inventories holding period has been calculated on the basis of turnover as the inventories also include the closing stock of finished goods.
<b>Trade Payables</b>	We expect Creditors payments days to be appx. 90 Days for Fiscal 2018-19. In FY 18 it was stood at approx 130 days of purchases. In FY 18 we have utilized higher credit period as we were capex from our own funds and hence the higher credit period.

## 2. General Corporate Purposes

Our Company intends to deploy the Proceeds of the Issue aggregating ₹ [●] lakhs, towards general corporate purposes, including but not restricted to strengthening of our marketing capabilities, brand building exercises, meeting exigencies and contingencies which our Company in the ordinary course of business may not foresee, or any other purposes as approved by our Board of Directors. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. However, we confirm that the amount for general corporate purposes, as mentioned in objects of the issue in the, shall not exceed twenty five per cent of the fresh issue amount raised by our Company.

### Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] lakhs. The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses and legal fees, if applicable. The estimated Issue expenses are as follows:

(₹ in lakhs)			
Activity	Estimated expenses	As a % of the total estimated Issue expenses	As a % of the total Issue size
Payment to Merchant Banker including, underwriting and selling commissions, brokerages,	[●]	[●]	[●]
Payment to Merchant banker including Advertiser, payment to other intermediaries such as Legal advisor, Registrar etc and other out of pocket expenses advertising and marketing expenses, Printing and stationery expenses, distribution and postage, Regulatory and other expenses including listing fees	[●]	[●]	[●]
Other Expenses towards Advisory services	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

### Schedule of implementation

The entire amount of Working capital and General Corporate purposes will be utilized during FY 2018-19.

### Deployment of Funds in the Project

Our Company has incurred the following expenditure on the Objects till August 24, 2018. The same has been certified by our statutory auditors N.S. Shetty & Co., Chartered Accountants *vide* their certificate dated August 24, 2018.

Particulars	Amount spent till August 24, 2018 (₹ Lakhs)
Public Issue Expenses	32.80
<b>Total</b>	<b>32.80</b>

The above funds were deployed from our company's internal accruals. The same will be recouped from the Issue Proceeds.

**Details of balance fund deployment**

(₹in Lakhs)

Sr. No.	Particulars	Expenses Already Incurred till August 24, 2018	FY 2018-19	Total
1.	Meeting Additional Working Capital Requirements	0.00	[●]	[●]
2.	General Corporate Purposes	0.00	[●]	[●]
3.	Public Issue Expenses	32.80	[●]	[●]
	<b>Total</b>	<b>32.80</b>	<b>[●]</b>	<b>[●]</b>

**Interim Use of Funds**

Pending utilization for the purposes described above, we undertake to temporarily deposit the funds from the Net Proceeds in the scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act, 2013, our Company 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 Report**

None of the objects for which the Net Proceeds from the Issue will be utilised have been appraised by any financial institutions/banks.

**Bridge Loan**

As of the date of this Draft Red Herring 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**

Our Company shall appoint a monitoring agency in relation to the Fresh Issue as required under the SEBI ICDR Regulations prior to filing of the Red Herring Prospectus with the RoC. Our Board will monitor the utilisation of the Net Proceeds through its Audit Committee. Our Company will disclose the utilisation of Net Proceeds under separate head in our balance sheet along with relevant details for all sum amounts that have not been utilised. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI Listing Regulations, our Company shall disclose to the Audit Committee of our Board, the uses and applications of the Net Proceeds, on a quarterly basis. Our Company shall on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee of our Board, as required under applicable law. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Furthermore, in accordance with the Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Offer from the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, and explanation for such variation (if any) will be included in our Directors' report, after placing the same before the Audit Committee of our Board.

**Variation in Objects**

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the

prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Issue at the fair market value of the Equity Shares as on the date of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Draft Red Herring Prospectus, in accordance with such terms and conditions as may be specified on this behalf by SEBI.

#### **Other Confirmations**

No part of the Net Proceeds of the Issue will be utilized by our Company as consideration to our Promoter, 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 Promoter, Directors, key management personnel, associates or Group Entities in relation to the utilization of the Net Proceeds of the Issue.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling shareholders in consultation with the BRLM, on the basis of an assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of the qualitative and quantitative factors. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to “Our Business”, “Risk Factors”, “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 99, 18, 168 and 232, respectively, to have an informed view before making an investment decision.

### Qualitative Factors:

- We manufacture wide range of products.
- Awards & Recognition
- Technical Capabilities
- Proven track record of our Company and our Promoters
- Strategic Location of manufacturing facilities

For further details, see “Our Business” and “Risk Factors” on pages 99 and 18, respectively.

### Quantitative Factors:

Some of the information presented below relating to our Company is derived from the Restated Financial Statements (IND AS). For details, see “Financial Information” on page 168.

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

#### 1. Basic and Diluted Earnings per Share (“EPS”)

Year Ended	Basic/ Diluted EPS (₹)	Weights
March 31, 2018	60.93	3
March 31, 2017	26.02	2
March 31, 2016	21.64	1
<b>Weighted Average</b>	<b>42.75</b>	

1. The figures disclosed above are derived from the Restated Ind AS Summary Statements of our company

2. The ratios have been computed as below:

Basic & Diluted earnings per share = Restated Net profit after tax / weighted average number of shares outstanding during the year.

#### 2. Price / Earning Ratio (P/E) in relation to the Offer Price of ₹ [●] per Equity Share of the face value of ₹ 10 each

Particulars	P/E at the lower end of the price band (no. of times)	P/E at the higher end of the price band (no. of times)
Based on basic & diluted EPS for the year ended March 31, 2018	[●]	[●]
Based on the weighted average EPS of ₹42.75	[●]	[●]

#### 3. Industry P/ E ratio

Highest – Astec Lifesciences Limited	39.5
Lowest – Meghmani Organics Limited	11.1
Average – Pesticides / Agrochemicals - India	19.7

Source: Capital Market, September 24 – October 07, 2018



#### 4. Return on Net Worth (“RoNW”)

Year Ended	RONW (%)	Weights
March 31, 2018	30.2	3
March 31, 2017	17.52	2
March 31, 2016	17.14	1
<b>Weighted Average</b>	<b>23.80</b>	

Notes:

i) Return on net worth (%) = Net profit attributable to equity shareholders / net worth as at the end of year.

#### 5. Minimum Return on increased Net Worth required to maintain pre-Issue EPS.

The minimum return on increased net worth required maintaining pre-Issue EPS:

A) Based on weighted average EPS of ₹42.75

At the Floor Price of ₹[●]: [●]% based on restated financial statements (IND AS).

At the Cap Price of ₹[●]: [●]% based on restated financial statements (IND AS).

B) Based on Basic and Diluted EPS for FY ended March 31, 2018 of ₹60.93

At the Floor Price of ₹[●]: [●]% based on restated financial statements (IND AS).

At the Cap Price of ₹[●]: [●]% based on restated financial statements (IND AS).

#### 6. Net Asset Value per Equity Share

• As of March 31, 2018 ₹201.77

NAV per Equity Share after the Offer:

• At the Floor Price ₹[●]

• At the Cap Price ₹[●]

• At the Offer Price ₹[●]

#### 7. Comparison of Accounting Ratios with Listed Industry Peers

Name of Company	Face Value (₹/Share)	P/E	EPS (₹)	RoNW (%)	NAV (₹ per share)
Heranba Industries Limited	10.00	[●]	60.93	30.20%	201.77
Excel Crop Care Limited	5.00	49.9	87.3	17.0	472.8
Insecticides India Limited	10.00	14.1	42.3	16.6	264.9
Meghmani Organics Limited	10.00	11.1	8.0	21.6	34.2
Bharat Rasayan	10.00	30.2	250.1	38.9	701.8
Dhanuka Agritech	2.00	20.7	25.7	16.6	129.1

Source: Capital Market, September 24 – October 07, 2018

The face value of Equity Shares of our Company is ₹10/- per Equity Share and the Offer price of ₹[●] is [●] times of the face value.

The Offer Price of ₹ [●] per Equity Shares, have been determined by our Company and the Selling shareholders in consultation with the BRLM, on the basis of the demand from investors for the Equity Shares through the Book Building Process.

Our Company, Selling shareholders and the BRLMs believe that the Offer Price of ₹ [●], is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “*Risk Factors*”, “*Our Business*” and “*Financial Information*” on pages 18, 100 and 168 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “*Risk Factors*” and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

The Board of Directors

**Heranba Industries Limited**

Plot No 1504/1505/1506/1 GIDC,

Phase-III Vapi, Valsad -396 195,

Gujarat, India.

Dear Sirs,

**Sub: Statement of possible special tax benefits (“the Statement”) available to Hernaba Industries 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 (the ‘IT Act’) as amended by the Finance Act, 2018 (i.e. applicable to Financial Year 2018-19 relevant to Assessment Year 2019-20), 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 fulfil.

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 Red Herring Prospectus / Red Herring 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.

We hereby give consent to include this Statement in the draft red herring prospectus, red herring prospectus, the prospectus and in any other material used in connection with the Proposed Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For NS Shetty & Co.**

Chartered Accountants

Sd-

**CA Divakar Shetty**

Partner

Membership Number: **100306**

Firm Registration No.: **110101W**

**Date: September 24, 2018**

**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 2018-19.

##### **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.

#### **Notes:**

1. The above is as per the current tax law as amended by the Finance Act, 2018.
2. The above Statement of possible special tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares.
3. The special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfill.
4. The tax benefits discussed in the statement are not exhaustive and are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
5. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
  - Company or its shareholders will continue to obtain these benefits in future;
  - Conditions prescribed for availing the benefits have been/ would be met with;
  - The revenue authorities/courts will concur with the view expressed herein; and
  - The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

## SECTION IV: ABOUT THE COMPANY

### INDUSTRY OVERVIEW

#### Agriculture in India

Source: <https://www.ibef.org/industry/agriculture-india.aspx>

#### Introduction

Agriculture plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. The share of primary sectors\* (including agriculture, livestock, forestry and fishery) is estimated to be 20.4 per cent of the Gross Value Added (GVA) during 2016-17 at current prices. . GVA from the sector is estimated to have grown at 3 per cent in FY18.

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment.

#### Market Size

During 2017-18 crop year, food grain production is expected to reach a record 277.49 million tonnes. During 2016-17, it was 275.68 million tonnes.

India has been the world's largest producer of milk for the last two decades and contributes 19 per cent of the world's total milk production.

India is emerging as the export hub of instant coffee which has led to exports of coffee increase 17 per cent in calendar year 2017 to reach US\$ 958.80 million. Tea exports from India reached a 36 year high of 240.68 million kgs in CY 2017.

India topped the list of shrimp exporters globally in 2016 with exports of US\$ 3.8 billion which are expected to double to US\$ 7 billion by 2022.

Total area in India, sown with rabi crops reached 64.29 million hectares in February 2018.

India is the second largest fruit producer in the world. India's horticulture output reached 300.64 million tonnes in 2016-17 and is expected to reach 305.43 million tonnes in 2017-18.

Agricultural export constitutes 10 per cent of the country's exports and is the fourth-largest exported principal commodity. Agricultural exports from India reached US\$ 28.09 billion during April 2017-January 2018 with exports of basmati, buffalo meat reaching US\$ 6.19 billion and US\$ 6.59 billion, respectively.

India is the largest producer, consumer and exporter of spices and spice products. Spice exports from India grew by 6 per cent year-on-year between April-September 2017 to US\$ 1.37 billion.

Dairy sector in India is expected to grow at 15 per cent CAGR to reach Rs 9.4 trillion (US\$ 145.7) billion by 2020.

The online food delivery industry grew at 150 per cent year-on-year with an estimated Gross Merchandise Value (GMV) of US\$ 300 million in 2016. The sector grew 15 per cent every quarter during January-September 2017.

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few

years due to concerted efforts of scientists to get early-maturing varieties of pulses and the increase in minimum support price.

## Chemicals Sector

Source :- chemical and petrochemical statistics at a glance-2017

Website :- [www.chemicals.nic.in](http://www.chemicals.nic.in)

Chemical and petrochemical sector is one of the pioneering sectors having bearing on day to day needs of the society. Presence of Chemicals and Petrochemicals can be seen in everyday life of the people at large. The share of GVA of this sector in manufacturing sector is about **7.21% and about 1.2 %** in National G.V.A.

The production of Chemical and Petrochemical products generally found growing consistently over the years. The annual growth during 2016-17 is 3.54% over preceding year with CAGR of 2.75 % over a period of 8 years in case of Major Chemicals. The annual growth of Basic Major Petrochemicals is 4.06 over preceding year with CAGR of 5.17% during the same period. The growth is higher in Production of Basic Major Petrochemicals as compared to growth in production of Major Chemicals.

It is further observed that there is still scope to increase production, as substantial installed capacity is unutilized in both the subsectors. The utilization of installed capacity is in the range of **80% in major Chemicals like Alkali and Inorganic Chemicals**. Micro study of the sector indicate that huge unutilized installed capacity is seen in case of **Organic Chemicals (38%), Synthetic Rubber (33%) and Dyes and Pigments (31%)**. The statistics reveals that capacity is lying unutilized more in case of Organic Chemicals and Dyes and Pigments compared to products like Alkal and inorganic chemicals.

It appears that there is need to look in to the reasons for high unutilized Installed capacity in case of some of the products in the sector. In-depth study of the reasons for unutilized capacity may highlight other relevant issues viz. Specifications, Standardization and Mandation etc. along with enhanced requirement of Research and Development facilities.

The trade deficit in Chemical and Petrochemical Sector (comprising chapter 28,29,30,31,32,38,39, 4002, 54,55 of HS code) is 71,429 Crore (INR) as per figures available on DGCIS, portal as on 21.07.2017. The trade deficit in respect of Major Chemical and Petrochemical Products being monitored by DCPC is around 39,730 Crore (INR) as per figures derived from the data received from DGCIS, Kolkata.

In respect of Major Chemicals at group level, it is observed on the basis of products monitored by his Department that Alkali Chemicals, Organic Chemicals and Inorganic Chemicals are trade deficit, whereas Dyes & Pigments are trade surplus during 2016-17. However in respect of Major Petrochemicals at group level Polymers, Fibre Intermediates, Synthetic rubber, Synthetic Detergent Intermediates and Other Petro-based Chemicals are trade deficit, whereas Synthetic Fibre, Performance Plastics, Aromatics and Olefins are trade surplus during the same period. This aggregates to overall trade surplus in Major Chemicals and overall trade deficit in Major Petrochemicals resulting in to net trade deficit in Chemical and Petrochemical sector.

Chemicals can be broadly divided into the following sub-groups

### i. Basic Chemicals

Chemicals such as organic and inorganic chemicals, bulk petrochemicals, other chemical intermediates, plastic resins, synthetic rubber, man-made fibers, dyes and pigments, printing inks are basic chemicals. These are also known as commodity chemicals.

### ii. Specialty Chemicals

Specialty Chemicals, also known as performance chemicals, are low-volume but high-value compounds. These chemicals are derived from basic chemicals and are sold on the basis of their functions. For example, paint, adhesives,

electronic chemicals, water management chemicals, oilfield chemicals, flavors and fragrances, rubber additives, paper additives, industrial cleaners and fine chemicals. Sealants, coatings, catalysts come under this category.

### iii. Agro - Chemicals

Chemicals which essentially are meant for protecting agriculture crops against insects and pests are covered under this sub-group.

### Global scenario

As per the European Chemical Industry Council (Cefic 2016) world chemicals (excluding pharmaceuticals) sales in 2015 are valued at 3534 Euro billion. India ranks 4th in Asia and 6th in world with chemicals sales valued at 77.3 Euro billion in 2015. India's share of world chemicals market sales in 2015 marginally to 2.2% as compared to 2.1% in 2005. India's Capital spending in World Chemicals (excluding pharmaceuticals) valued at 3.5 Euro billion in 2015 as compared to 2.3 Euro billion in 2005. As per UN Comtrade Database for 2016, India ranks 17th in the world exports of chemicals (excluding pharmaceutical products) and ranks 7th in the world imports of chemicals (excluding pharmaceutical products). India's exports of chemicals (excluding pharmaceutical products) was 27.45 US\$ billion in 2016. India's share in World exports of chemicals (excluding pharmaceutical products) was 2.08% as compared to 1.77 % for all HS code Commodities in 2016. India's imports of chemicals (excluding pharmaceutical products) was 43.66 US\$ billion in 2016. India's share in World imports of chemicals (excluding pharmaceutical products) was 3.32% as compared to 2.55 % for all HS code Commodities in 2016.

### Important Economic Indicators

According to National Accounts Statistics 2017, brought out by the Central Statistics Office (CSO), chemical and chemical products sector excluding pharmaceuticals (industry division 20 of NIC 2008) accounted for 1.27% of the GVA (at 2011-12 prices) in 2015-16, compared to 1.19% in 2014-15. The share of this sector in the GVA of manufacturing sector at 2011-12 prices was 7.11% during 2015-16 as compared to 6.85% in 2014-15. The average Indices of Industrial Production (IIP) for the Chemical and Chemical products (industry division 24: NIC 2004) for the year 2016-17 stand at 147.6, which is 2.86% higher as compared to the previous year. The average Indices of Industrial Production (IIP) for the Chemical and Chemical products (Industry division 20 of NIC 2008) for the year 2016-17 stand at 116.5, which is 2.5% higher as compared to the previous year. The size of the Indian Chemical industry excluding pharmaceuticals (Industry division 20 of NIC 2008) in terms of value of output in the year 2015-16 was Rs. 654,990 crore. The size of Chemical industry including pharmaceuticals (i.e. Industry Division 20 and 21 of NIC 2008) in terms of value of output in the year 2015-15 was Rs. 922,908 crore.

The exports of chemicals & petrochemicals (excluding pharmaceuticals products and fertilizers) has increased from Rs.83,788 crore in 2009-10 to Rs. 191,294 crore in 2016-17. The percentage share of the exports of chemicals & petrochemicals (excluding pharmaceuticals products and fertilizers) in the total national exports increased from 9.9% to 10.3% during the same period.

At the product level, the following products accounted more than Rs. thousand crore in the exports in 2016-17.

(₹ in Crores)

POLYESTER FILAMENT YARN	6908	OTHER FUNGICIDE NES	3446
POLYESTER CHIPS/PET CHIPS	5572	OTHER INSECTICIDES	3113
PARAXYLENE	4397	OTHER PESTICIDES	2086
PIGMENT EMULSION	3927	AZO DYES	1625
POLYPROPYLENE (INC. CO-POLYMER)	3827	POLYESTER STAPLE FIBRE	1503
REACTIVE DYES	3794	MENTHOL	1252
BENZENE	3668	HIGH DENSITY POLYTHYLENE	1178
OTHER HERBICIDES	3620	PURIFIED TEREPHTHALIC ACID	1067
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ANTI SPROUTING PRODUCTS			
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The following products accounted more than Rs. thousand crore in the total net exports:

( ₹ in Crores)

POLYESTER FILAMENT YARN	5983
POLYESTER CHIPS/PET CHIPS	4882
BENZENE	3668
REACTIVE DYES	3506
PIGMENT EMULSION	3449
OTHER FUNGICIDE NES	2592
OTHER HERBICIDES-ANTI SPROUTING PRODUCTS	2574
AZO DYES	1589
OTHER PESTICIDES	1170
MENTHOL	1150
OTHER INSECTICIDES	1024

According to estimates of the CSO, during 2015-16 the share of corporate sector in chemical and chemical products (Industry division 20 and 21 NIC) is 99.35% as against share of corporate sector in respect of all industries together is 87.41%. The estimates of the Total Output (Factory Sector) of at 4-digit Industry class in the Chemicals and Chemical Products (Division 20-NIC 2008) during the year 2013-14 and 2014-15 are given in the table below:

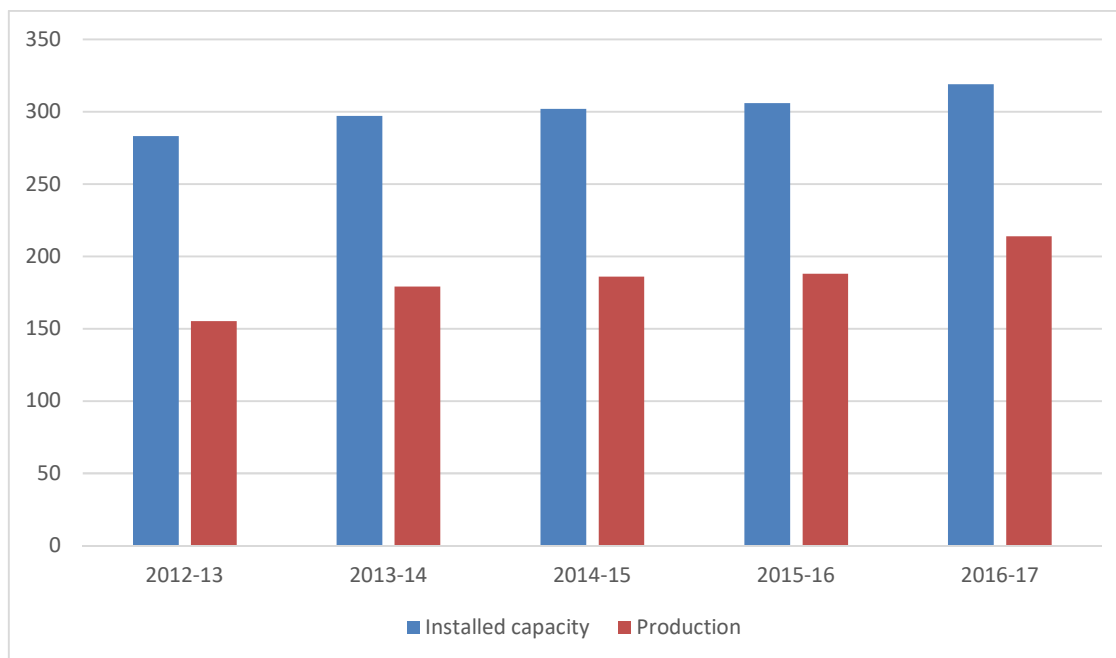
Class	Description	Total Output(₹ crores)	
		2013-14	2014-15
2011	Manufacture of basic chemicals	108217.83	129393.98
2012	Manufacture of fertilizers and nitrogen compounds	106807.15	110441.99
2013	Manufacture of plastics and synthetic rubber in primary forms	89700.01	70231.42
2021	Manufacture of pesticides and other agrochemical products	36786.17	39873.48 2
2022	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	34268.9	41019.67
2023	Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations	60435.93	98316.47
2029	Manufacture of other chemical products n.e.c.	50263.93	50378.07
2030	Manufacture of man-made fibres	27423.46	17589.08
Total		<b>513903.38</b>	<b>557244.16</b>

Source: Annual Survey of Industries 2013-14 and 2014-15 (Factory sector), Ministry of Statistics & Programme Implementation.

**Pesticides (Technical Grade)  
Installed Capacity – Production**

Year	Installed Capacity( in Thousand MT)	Production ( in Thousand MT)
2012-13	283	155
2013-14	297	179
2014-15	302	186
2015-16	306	188
2016-17	319	214

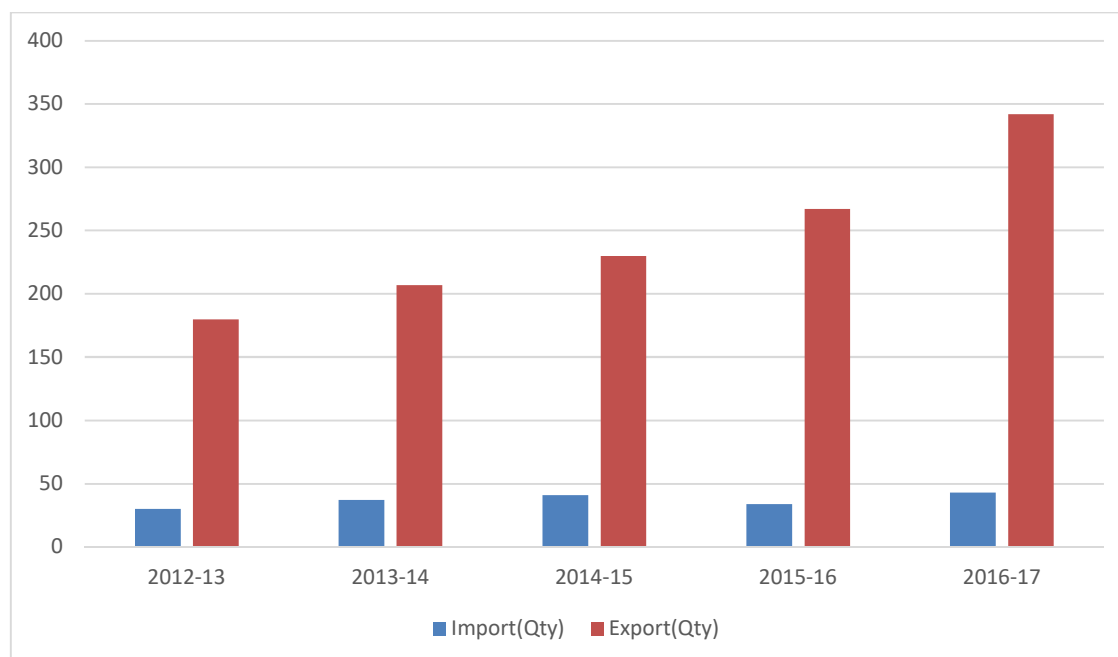
Annual Growth during 2016-17	4.5	14.0
CAGR (%)	3.1	8.3



Production of Pesticides (Technical Grade) during the year 2016-17 is 214 in (Thousand) MT as against installed capacity of 319 in (Thousand) MT. It is evident that installed capacity and production both are gradually increasing over the years.

#### Quantity Imported – Quantity Exported

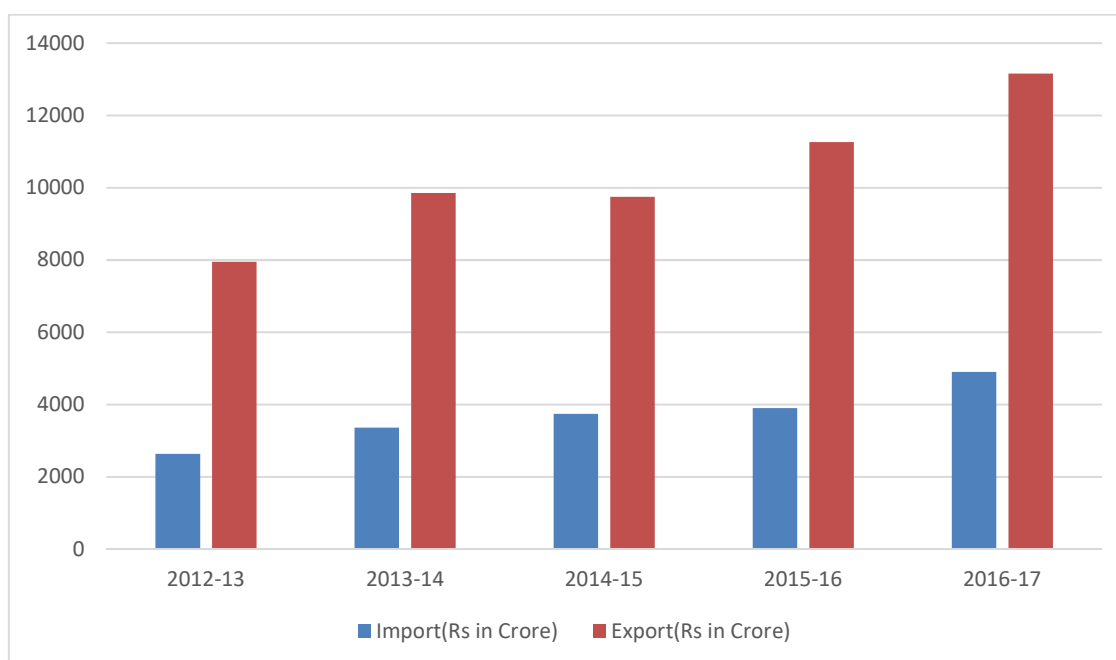
Year	Import( in Thousand MT)	Export ( in Thousand MT)
2012-13	30	180
2013-14	37	207
2014-15	41	230
2015-16	34	267
2016-17	43	342
Annual Growth during 2016-17	25.8	28.3
CAGR (%)	9.3	17.5



It is pleasant to note that during the period Export of Pesticides (Technical and formulations both) is very high compared to its Import and consistently rising over the years.

**Pesticides (Technical Grade)**  
**Value of Import- Value of Export**

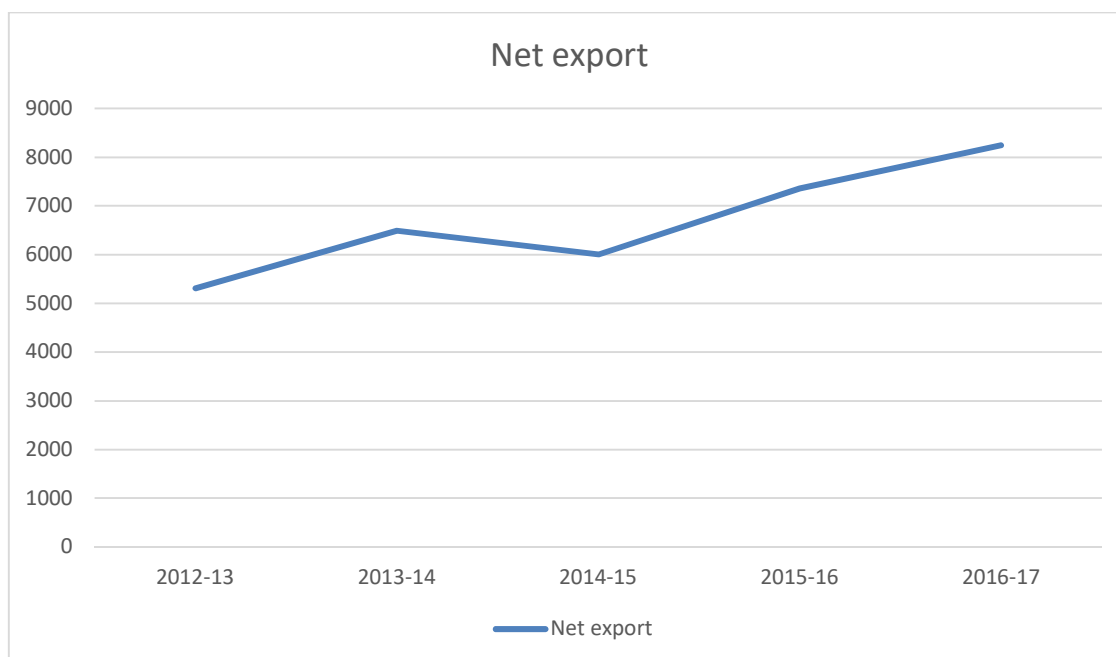
Year	Import( ₹ in Crore)	Export ( ₹ in Crore)
2012-13	2636	7946
2013-14	3360	9852
2014-15	3741	9747
2015-16	3907	11269
2016-17	4906	13150
Annual Growth during 2016-17	25.6	16.7
CAGR (%)	16.79	13.42



It is pleasant to note that during the period value of Export of Pesticides (Technical and formulations Both ) is very high compared to Import and consistently rising over the years except slight dip during 2014-15 resulting into trade Surplus.

#### Net Exports

Year	Net Export( ₹ in Crore)
2012-13	5310
2013-14	6492
2014-15	6006
2015-16	7362
2016-17	8244
Annual Growth during 2016-17	12.0
CAGR (%)	11.63



It is pleasant to note that Net Export of Pesticides (Technical and Formulation both) continuously increasing during entire period except a slight decrease in 2013-14. The trend of Export of Pesticides (Technical and Formulation both) is playing a significant role to counter situation of trade deficit in Chemical Sector.

Performance of Pesticides (Tech.) during 2009-10 to 2016-17

(Figures in 000'MT)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	CAGR (%)
Capacity	198	250	301	283	297	302	306	319	7.04
Production	135	144	156	155	179	186	188	214	6.78
Capacity Utilisation(%)	68	58	52	55	60	62	61	67	
Imports\$	20	27	30	30	37	41	34	43	11.74
Exports\$	128	125	154	180	207	230	267	342	15.10

Note : 1. Production and Installed Capacity data based on MPR received from large and medium scale units only.

2. Data Source in respect of imports and exports is DGCIS, Kolkata, M/O Commerce and Industry.

Note : \$ Import and Export includes both technical and formulations.

Production, Installed Capacity & Growth of Pesticides during 2009-10 to 2016-17

(Figures in 000'MT)

Particulars	Installed Capacity			Production / Growth Rate	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	2014-15	2015-16	2016-17									
Pesticides	302	306	319	Production	135	144	156	155	179	186	188	214
					.57	6.59	8.52	-0.48	15.41	3.95	0.57	13.97

Note : 1. Production and Installed Capacity data based on MPR received from large and medium scale units only.

Production Capacity Utilization & growth of Major Chemicals (During 2009-10 to 2016-17)

(Figures in 000'MT)

Products	Installed Capacity			Production								CAGR( %)	Capacity Utilization in 2016-17
	2014-15	2015-16	2016-17	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17		
Pesticides and Insecticides													
D.D.T.	6.34	6.34	6.34	3.61	3.19	3.64	3.87	2.79	3.63	2.09	2.26	-6.45	35.67
MALATHION	2.60	3.80	3.80	1.67	3.05	2.55	1.71	2.04	2.24	2.04	2.26	4.39	59.34
DIMETHOATE	1.45	1.45	1.45	0.98	1.17	0.73	0.81	1.36	1.43	1.44	1.37	4.95	94.62
D.D.V.P.	33.92	33.92	33.92	3.87	3.48	4.64	4.41	5.52	6.66	7.22	8.13	11.20	23.97
QUINALPHOS	2.80	2.80	2.80	0.99	1.01	1.00	1.35	1.74	1.88	0.84	1.29	3.86	46.04
MONOCROTOPHOS	13.18	13.94	13.94	5.74	9.93	9.59	8.25	4.27	6.97	5.48	6.58	1.97	47.18
PHOSPHAMIDON	2.00	2.00	2.00	1.00	0.29	0.06	0.02	0.05	0.13	0.13	0.09	-29.12	4.50
PHORATE	10.13	10.13	12.40	7.12	7.67	7.01	5.75	6.85	6.62	5.92	5.91	-2.62	47.66
ETHION	2.50	2.20	2.20	1.51	1.92	1.33	0.94	1.51	1.60	1.72	2.11	4.95	96.00
ENDOSULPHAN	0.00	0.00	0.00	9.90	11.49	1.35	0.00	0.00	0.00	0.00	0.00	-100.00	
FENVALERATE CYPERMETHRIN	3.60	3.60	3.60	0.55	0.81	0.55	0.48	0.75	0.51	0.56	0.53	-0.48	14.69
ACEPHATE	19.25	19.67	19.67	14.90	16.49	17.11	15.76	14.51	17.97	16.58	16.27	1.26	82.69
CHLORPYRIPHOS	16.46	16.85	19.15	9.31	8.72	6.05	7.52	9.54	9.73	6.87	5.87	-6.38	30.64
TRIAZOPHOS	3.90	3.90	3.36	1.06	1.75	0.78	0.93	0.99	1.00	1.72	2.37	12.20	70.63
TEMEPHOS	0.25	0.25	0.25	0.08	0.12	0.13	0.20	0.25	0.00	0.08	0.08	0.00	33.60
DELTAMETHRIN	0.63	0.61	0.61	0.12	0.68	0.47	0.52	0.52	0.51	0.38	0.37	16.99	60.59
ALPHAMETHRIN	0.51	0.50	0.50	0.26	0.55	0.57	0.54	0.56	0.75	0.23	0.10	-12.39	20.04
PROFENOFOS TECHNICAL	14.90	12.90	10.50	3.28	4.60	6.41	5.01	7.18	7.58	6.85	10.50	18.08	100.04
PRETILACHLOR TECHNICAL	2.56	2.58	2.58	1.17	1.18	1.65	1.93	2.22	1.88	1.94	2.58	12.02	100.04
LAMBDA CYHALOTHRIN	2.40	2.40	2.40	0.13	0.21	0.29	0.43	0.55	0.47	0.42	0.74	28.78	30.83
PHENTHOATE	0.90	0.90	0.90	0.06	0.59	0.59	0.96	1.24	1.40	1.11	1.14	51.18	126.33
PERMETHRIN TECH	1.80	1.97	1.97	0.42	0.65	1.41	1.04	1.39	1.70	1.30	1.10	14.80	56.04
IMIDACALOPRID TECH	0.98	1.13	1.13	0.13	0.13	0.39	0.23	0.94	0.56	0.20	0.18	4.69	15.56

CAPTAN & CAPTAFOL	3.85	3.45	3.43	0.00	0.72	0.92	0.56	1.12	2.38	2.12	1.79		52.04
ZIRAM(THIO BARBAMATE)	0.70	0.70	0.70	0.14	0.66	0.73	0.55	0.60	0.58	0.51	0.60	22.89	86.23
CARBENDZIM(BA VISTIN)	0.98	0.98	0.98	0.38	0.59	0.43	0.34	0.31	0.36	0.24	0.13	-14.27	13.27
MANCOZAB	71.56	72.46	77.14	31.49	26.05	43.46	45.30	57.82	61.40	66.38	78.48	13.94	101.74
HEXACONAZOLE	1.08	1.08	1.08	0.42	0.43	0.47	0.44	0.58	0.59	0.62	0.46	1.41	42.62
METCONAZOLE	0.75	0.75	0.75	0.21	0.36	0.50	0.63	0.70	0.61	0.39	0.35	7.75	47.20
2, 4-D	22.00	22.00	26.00	10.64	12.60	15.03	15.44	17.90	11.62	18.46	23.36	11.88	89.84
BUTACHLOR	0.50	0.50	0.50	0.24	0.29	0.20	0.18	0.04	0.00	0.00	0.00	-100.00	0.00
ETHOFUMESATE TECHNICAL	1.65	1.56	1.65	0.56	0.82	1.14	1.22	1.01	0.62	0.50	1.04	9.33	62.79
THIAMETHOXAM TECHNICAL	3.10	3.10	3.10	1.82	1.49	1.63	3.12	3.31	1.66	1.92	2.51	4.66	80.87
PENDIMETHALIN	2.00	3.00	4.50	0.00	0.00	0.00	1.03	1.71	2.26	2.82	4.04		89.73
METRIBUZIN	0.75	1.20	1.20	0.00	0.00	0.00	0.24	0.74	0.52	0.91	1.12		93.33
TRICLOPYR ACID TECH	0.30	0.30	0.30	0.23	0.30	0.10	0.21	0.20	0.19	0.30	0.28	2.89	94.00
ISOPROTURON	6.25	6.25	6.25	2.91	3.68	2.53	4.05	2.35	2.43	1.95	0.13	-35.72	2.11
GLYPHOSATE	9.26	9.26	12.66	4.66	4.86	5.25	6.12	8.48	9.69	6.96	6.35	4.51	50.17
DIURON	0.33	3.30	3.72	0.13	0.23	0.31	0.14	0.07	0.12	1.26	3.68	61.93	98.90
ATRAZIN	0.50	0.50	0.50	0.26	0.25	0.66	0.65	1.24	1.20	1.21	1.90	32.59	379.00
ZINC PHOSPHIDE	1.32	1.32	1.92	0.92	0.86	0.89	0.60	0.65	1.29	1.50	1.31	5.16	68.23
ALUMINIUM PHOSPHIDE	3.90	3.90	4.74	3.25	2.82	3.14	4.16	4.47	5.05	5.75	6.40	10.16	135.06
DICOFOL	0.09	0.15	0.15	0.02	0.05	0.08	0.05	0.07	0.11	0.09	0.09	23.97	60.00
Total	301.70	305.62	319.30	135.02	143.92	156.17	155.42	179.38	186.47	187.52	213.72	6.78	66.93

#### Import of Pesticides and Insecticides during 2009-10 to 2016-17

(Qty. in MT and Value in ₹ lakh).

Product	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		2016-17	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Pesticides & Insecticides \$	19584	154224	26868	196567	30255	231832	29789	263642	37099	335996	40674	374050	33868	390707	42591	490581

Source: Imports &amp; Exports data have been received from Directorate General of Commercial Intelligence &amp;

Statistics, Ministry of Commerce & Industry, and Kolkata. [www.dgciskol@nic.in](http://www.dgciskol@nic.in)

Note : \$ Import and Export includes both technical and formulations.

Net Imports of Pesticides and Insecticides during 2009-10 to 2016-17

(Qty. in MT and Value in ₹ lakh).

Product	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16		2016-17	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Pesticides & Insecticides \$	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	108	226	983	194	123	337	149	530	169	649	189	600	233	736	299	824
	366	583	61	429	246	037	279	993	861	165	553	632	047	167	740	445

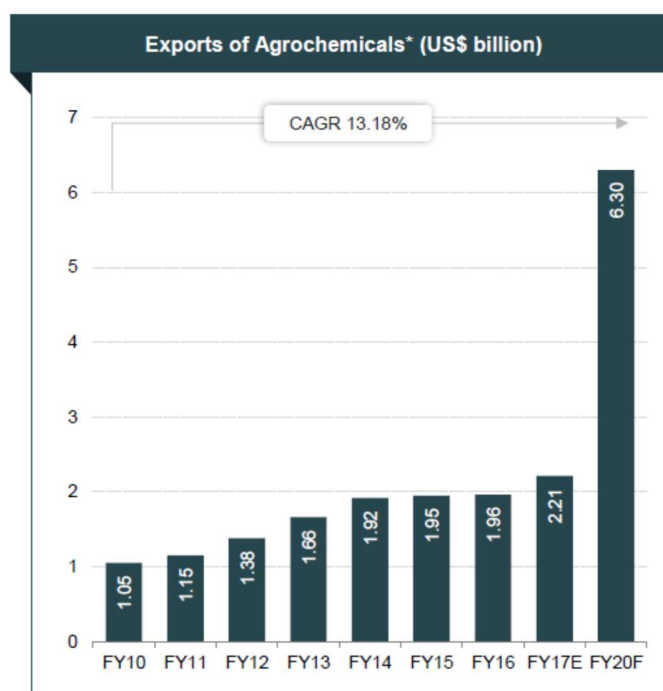
Source: Imports & Exports data have been received from Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, and Kolkata. [www.dgciskol@nic.in](http://www.dgciskol@nic.in) Dated 12.10.2015

Note : \$ Import and Export includes both technical and formulations.

### Agrochemicals

Source: IBEF, Agriculture and Allied Industries, February 2018

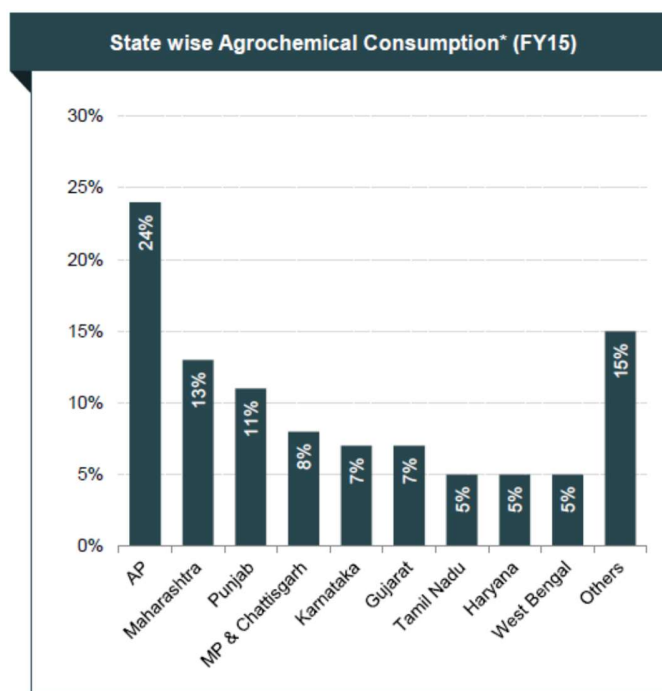
India is the 4th largest producer of agrochemicals, globally and ranks 4th in terms of production of crop protection chemicals. The market in India is expected to reach to US\$ 7.5 billion by FY19 and register exports of about 50 per cent of value of Indian crop protection industry. In 2015, India became one of the largest exporters of agrochemicals globally. Agrochemical companies in India witnessed a CAGR of 10 per cent from FY13-17E. Around 50 per cent of this growth was based on exports.



Agrochemical industry in India is set to grow at a significant pace; increasing population, decreasing per capita availability of arable land and focus on increasing agricultural yield will fuel the demand for agrochemicals. India's per hectare agrochemical consumption is set to rise in the coming years, given the above-mentioned factors. The seven states including Andhra Pradesh (AP), Maharashtra, Punjab, Madhya Pradesh and Chhattisgarh, Gujarat, Tamil Nadu



and Haryana account for usage of over 70 per cent crop protection chemicals in India; wherein Andhra Pradesh is a leading consumer of agrochemicals with a market share of 24 per cent.



## Outlook

Source: <https://www.ibef.org/news/indian-agrochemicals-market-to-reach-us-63-billion-by-fy2020-report>

Indian agrochemical industry, which is estimated at \$ 4.4 billion in FY15, is expected to grow at 7.5 percent annually to reach \$ 6.3 billion by FY20, with domestic demand growing at 6.5 percent per annum and export demand at 9 percent per annum, according to a report jointly presented by Tata Strategic Management Group (TSMG) and FICCI at the latter's sixth National Conference on Agrochemicals 2016 in New Delhi.

The report - titled as 'Next generation Indian agriculture: Role of crop protection solutions' - was released by Hukumdev Narayan Yadav, chairman, Standing Committee of Parliament on Agriculture and Farmers Welfare.

"Agrochemicals play a critical role in ensuring food and nutrition security of the nation. With estimated 355 MMTPA (million metric tonne per annum) food grain requirement by 2030 from current 253 MMTPA, efficient usage of crop protection products and solutions for Indian agriculture are the need of the hour. In order to realise the true potential, industry, government and regulatory bodies need to work in tandem and embrace digital technologies to further improve farmer connect," commented Manish Panchal, senior practice head - chemicals & energy at Tata Strategic Management Group.

As per the report, the industry is dominated by insecticides accounting for 60 percent of the overall demand, followed by fungicides and herbicides contributing 18 percent and 16 percent, respectively.

The report highlights the changing food consumption patterns in India, demand patterns and future growth potential of crop protection industry in India. As per the report, there is a need of crop protection and crop enhancement solutions to overcome the challenges faced by Indian agriculture in ensuring food and nutritional security of the nation. To ensure sustainable agriculture in the country, it has also suggested adoption of the best global practices and the latest technologies which include agronomy, fertigation, seed treatment and biotechnology development.

The Indian agriculture sector is currently facing critical challenges like reduction in arable land, decreasing farm size, increasing pest attacks, low per hectare yield and a shift towards animal products consumption, all of which are leading to demand outpacing supply in the country's food chain. Agrochemicals could play a significant role in overcoming this imbalance.

Indian crop protection market is supported by strong growth drivers. Current consumption of crop protection products in India at 0.6 kg per hectares (ha), is much lower than the world average of 3 kg per ha. This offers immense opportunities for future growth. With several products going off-patent globally, the sector is opening opportunities for generics, contract manufacturing & research for Indian players who can leverage their large scientific talent pool.

Despite the strong growth drivers, Indian agrochemicals industry faces challenges in terms of low awareness among farmers and rising sales of non-genuine products (approximately 25 percent by volume). With large number of end users spread across the vast geography, managing availability through a distribution network is a challenge for all the major players. A collaborative approach by the industry, government & regulatory bodies is the need of the hour to realise full potential of the agrochemicals industry.

## OUR BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the section titled 'Risk Factors', beginning on page 18 of the Draft Red Herring Prospectus.*

*This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled 'Risk Factors' and 'Financial Information' and chapter titled 'Management Discussion and Analysis of Financial Condition and Results of Operations' beginning on pages 18, 168 and 232 respectively, of the Draft Red Herring Prospectus.*

*Unless the context otherwise requires, in relation to business operations, in this section of the Draft Red Herring Prospectus, all references to “we”, “us”, “our” and “our Company” are to Heranba Industries Limited and Group Entities as the case may be.*

### Overview

Our Company is engaged in the business of manufacturing and marketing a range of agrochemicals. We have a pan-India presence, with integrated operations across research and development, manufacturing, marketing and distribution of a wide range of crop protection chemicals, public health and Animal Health solutions.

Initially we were engaged in synthetic pyrethroids and its intermediates. Synthetic pyrethroids are pesticides derived from naturally occurring pyrethrins and is synthetically made by industrial methods.

We manufacture technical products (active ingredients), intermediate products and formulations. Our pesticides range includes insecticides, herbicides, fungicides and public health products for pest control. We aim to provide innovative products to farmers that enhance farm efficiency and offer better crop solutions. We have products for all kinds of crops, vegetables and fruits. Our products viz Deltamethrin and Alphacypermethrin are now recommended and included in the WHO/FAO specifications. Our company has a well-balanced effluent treatment system for the solid, liquid and gaseous effluents and emission generated from the various processes.

We started our manufacturing activity with production of intermediate product CMAC (Cypermethrin Acid Chloride). However after initial few years we started manufacturing Technical Products like, Cypermethrin, Alphacypermethrin, Deltamethrin, Permethrin, Lambda cylothrins etc in which CMAC was a main raw material. Therefore over the years we largely stopped selling CMAC in the market and production was primarily used for captive consumption for manufacturing Technical Products.

Other than the aforementioned crop protection products, we also produce certain plant growth/spreader products which provide the nutrients to plants for growth. The products include amino acids, gibberellic acid 0.001%L, seaweed extract.

Our major focus is on exports. We export our Products to more than 60 countries including Argentina, Belgium, Egypt, Ghana, Indonesia, Jordan, Malaysia, Nicaragua, Philippines, South Africa, Tunisia, Ukraine, Australia, Brazil, Europe, Hamburg, Iran, Kenya, Mexico, Nigeria, Poland, Turkey, Vietnam, Bangkok, China, France, Zimbabwe, Israel, Korea, Pakistan, Saudi Arabia, Taiwan, Uganda, Thailand, UK, Bangladesh, Colombia, Germany, Hongkong, Istanbul, Kyrgyzstan, New Zealand, Peru, Singapore, Middle East.

Domestically we cater to the customers all over India with our extensive dealership, stockist network and skilled field sales force. We have established more than 100 branded formulations in 20 states within India. We have more than 5000 dealers across India. We have 21 stock points across India. Our team's ability to identify customer's requirement, to provide world class service, ready responsiveness and proactive approach has helped our Company to gain trust of respected clients across the Globe. We have been exporting our products worldwide to various countries, thus traversing many boundaries. We have been participating in all important agrochemical exhibitions to showcase our products and to understand customer's requirements.

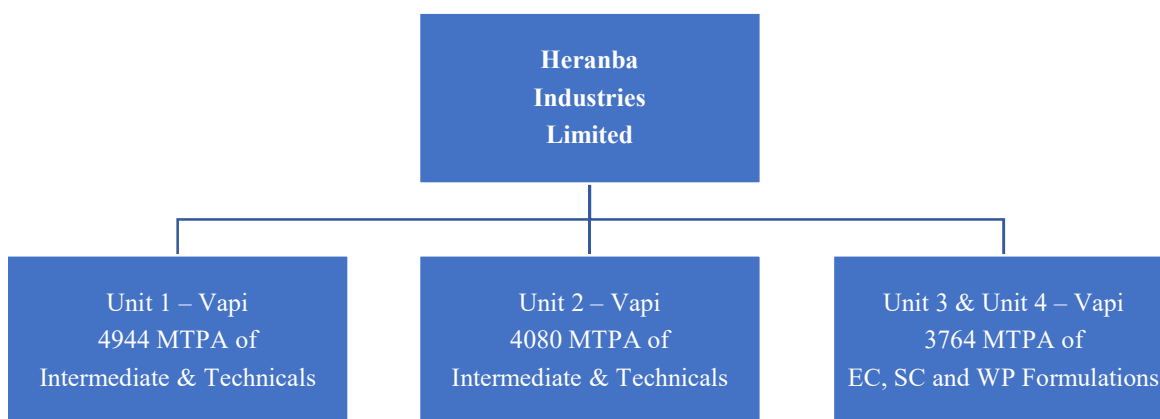
We have a full-fledged registration department with qualified personnel and data support as per GLP standards to meet each country's regulatory requirements. We have obtained products registrations in many countries.

Our product range is aimed at improving crop productivity, crop health, public health with an objective of providing innovative products to farmers to maximise their farm output and same is the outcome of our research and product development divisions.

We have consistently expanded our facilities, capacities and product mix investing in increasingly advanced technology and at the same time in the ongoing development and upgradation of products and processes that comply with the international standards and demands. Our quality control and research and development facility is well equipped with advanced equipment for chemical analysis, process design and thorough quality control. Every aspect of purchase, manufacturing and marketing revolves around the performance of the product, and we follow the "Zero Defect policy".

All the domestic branded products are sold and distributed during the agricultural seasons, Kharif and Rabbi crop periods. Hence these are seasonal products sold mainly during May to September and January to March. In other months there are more of exports.

We have four fully integrated and modern manufacturing facilities with an In-house R&D facility for product development and improvisation. All 4 facilities are in the industrial belt of "Vapi", which is a prime Industrial Township in Gujarat, at a distance of 180 km from Mumbai. These facilities offer a range of Crop Protection chemicals, Public Health and Animal Health solutions. Our Company has a multi-product set up at four different sites/units in Vapi.



**UNIT 1:** This is our first manufacturing facility with the initial installed capacity of 1320 MTPA of Cypermethric Acid Chloride which is the basic intermediate used in the manufacture of technical grade synthetic pyrethroids. Subsequently the down stream Technical products like Cypermethrin, Deltamethrin, Alphacypermethrin, Lambda Cyhalothrin and Permethrin were established in this plant. Apart from these Pyrethroid products some other Technical products like Acephate, Glyphosate, Temephos, Profenophos, etc. were introduced mostly for catering to our formulated branded products which are distributed all over the country in the Farm sector as well as for export requirements. The current capacity of Unit 1 is 4944 MTPA of Intermediate & Technical products.

**UNIT 2:** (Export Oriented Unit) It has an installed capacity of 4080 MTPA of Cypermethric Acid Chloride, Cypermethric Acid, Cypermethrin and Alpha Cypermethrin per annum. This plant manufactures high quality derivatives of Cypermethric Acid Chloride as per customer's requirement.

**UNIT 3:** It is ISO 9001-2008 certified ultra-modern formulation unit, meeting the requirement of the EC (Emulsifiable Concentrate), SC (Suspension Concentrate) and WP (Wettable powders) formulations to cater to the

local Indian market as well as for export also offering toll manufacturing facility. Unit 3 produces mostly liquid formulations with filling and packing lines.

**UNIT 4:** This unit produces only powder formulations and these formulated products are packed in Heranba's Brands, each product in a particular brand name in various pack sizes as per the required dosage for each crop per acre.

Our manufacturing facilities are well equipped with modern equipment, adhering to safety and environmental standards. All the units have fully equipped Quality Control laboratory to check the quality of Input materials, In-Process materials and finished goods. Our manufacturing & packing facilities are fully equipped for:

- Liquid Formulations
- Liquid Packing
- Powder Formulations of SP's & WDP's.
- Powder Packing
- Granular Formulation.
- Granular Packing
- Suspensions concentrate formulation.

We have expertise on all the key chemical reactions on commercial scales. Presently engaged in the following process:

- |                  |                     |                  |                |
|------------------|---------------------|------------------|----------------|
| ➤ Ammonolysis    | ➤ Condensation      | ➤ Cyanation      | ➤ Cyclisation  |
| ➤ Esterification | ➤ Favorski Reaction | ➤ Friedel Crafts | ➤ Halogenation |
| ➤ Hydrolysis     | ➤ Isomerisation     | ➤ Methoxylation  | ➤ Sulphonation |

Currently we have 4 manufacturing units in Vapi, while our head and marketing office is situated in Mumbai and registered office is situated in Vapi.

We have an internal facility for treatment of the waste generated at our UNIT 1, 2 and 3 through our ETPs. We are constantly innovating and evolving to ensure that minimal waste and effluent is generated and our efforts regularly yield positive and environment friendly results. Effluent norms are maintained strictly as per government prescribed rules and in-house technicians monitor the same on a continuous basis.

#### **Location of our offices and manufacturing facilities**

##### **Existing**

Our Company has four manufacturing units, all situated in Vapi, Gujarat nearby each other. The details of manufacturing facilities are provided below:

<b>Type of Facility</b>	<b>Location</b>
Registered Office	PLOT NO 1504/1505/1506/1 GIDC, PHASE-III Vapi, Valsad, Gujarat – 396195
Head Office	101/102, Kanchanganga, Factory Lane, Borivali (W), Mumbai – 400092
Marketing Office	Office no. 301, Soni Shopping Centre, L. T. Road, Borivali West, Mumbai - 400 092
Unit 1	Plot No 1505/1506 GIDC, Phase III, Vapi District Valsad, Gujarat – 396 195
Unit 2	Plot No A2-2214/15, GIDC, Phase III, Vapi District Valsad, Gujarat – 396 195

Type of Facility	Location
Unit 3	Plot No 1503, GIDC, Phase III, Vapi District Valsad, Gujarat – 396 195
Unit 4	Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District – Valsad, Gujarat - 396 195

We also have 21 Godowns/Depots for the distribution of our products across the Country. The locations of these are as mentioned below:

State	No. of Godowns/Depots
Rajasthan	2
Haryana	1
Punjab	1
Uttar Pradesh	2
Tamil Nadu	1
Andhra Pradesh	2
Madhya Pradesh	1
Chattisgarh	2
Gujarat	1
Maharashtra	2
Orrisa	1
West Bengal	1
Bihar	1
Assam	1
Karnataka	2

We have a two- way plan to increase the production capacity:

#### A) Capacity expansion at existing area :

We plan to create more production capacity at existing Unit I area by installing more reactors and developing new lines for more Technical Products. Further capacity enhancement in terms of Packaging has already been done at our formulation Unit by Shifting powder formulations at Unit No. 4 in the year 2017-18

Put together capacity expansion at Unit No 1 and Unit 3 will give company the base to achieve its Projected capacity for next two years.

#### B) Aquisition of New Project Sites

Our Company has recently acquired a land at Sarigam GIDC of about 13.5 acres to put up new production facilities for both Technical production as well as formulations. We are in the process of shifting our current formulation set up from Unit 3 to this location.

Further we have also acquired a Land of about 7 Acres at GIDC Sykha Dahej for future expansion. Both the lands were acquired by our company from its internal accruals.

#### Our Competitive Strengths

##### 1. We manufacture wide range of products.

We have a diversified portfolio of products, to meet all kind of requirements of our customers, all across the world. Our Company offers a wide range of products, including technical products (insecticides, herbicides and fungicides), intermediate products and formulations and other public health products. We have developed a strong core product

line, the wide product range allows our company to focus on those product lines while still offering enough variety in functionality or usage to appeal to a wide range of potential customers. This also diversify the risk of dependence on single or few products as the industry in which we operate is highly regulated and have been instances of various state and central Governments banning certain chemicals.

## **2. Awards & Recognition**

In the past we have received various awards which include, Rashtriya Udyog rattan Award from India International Council for Industries and Trade; Star Export House (Recognition certificate) from Jt. Director of Foreign Trade, Ministry of Commerce and Industry; Chemexcil – Second Award for Outstanding Export Performance, Ministry of Commerce and Industry amongst others. This speaks volume about the quality work being done by our Company and is an motivation for us to continue to excel in our operations.

## **3. Technical Capabilities**

We have constantly endeavoured to bring new and improved products into the Indian market in line with the technological developments. We have a dedicated team for research and Development who continuously endeavour for new product development. Due to our technology we have wide range of pyrethroid products. We believe we have the technical capabilities to implement any sophisticated technical, intermediate or formulation range of products.

## **4. Strategic Location of manufacturing facilities**

Location of Manufacturing Facility is of importance as it helps in designing the cost structure and lead time for delivery. We procure raw materials from indigenous manufacturers as well as from abroad. Our facilities are well connected and are on the strategically important NH8 in Vapi, which is well connected with a network of transport facilities like rail and road operating all over India and is hub for agrochemical and chemical industry. This helps our logistics department to ensure timely and cost-efficient delivery.

## **5. Proven track record of our Company and our Promoters**

We and our Promoters believe we have a proven track record in the chemical industry and are experienced in managing the chemical business. Our Promoters have adequate experience in the Present & proposed Products. Our management team has a sound understanding of the business. The senior management team has experience in related industries and is equipped to handle future challenges. We have an excellent and energetic team of more than 150 sales and marketing people looking after Indian and overseas marketing, who are always on the job and continuously travelling. We believe that our Promoters have a demonstrated track record of growing the business, securing financing and successfully achieving the growth plans. With the 2nd generation of management also now actively involved in the day to day activities with having required qualifications, we get a right mix of youth and experience at our top level management. We believe that our experience, knowledge and human resources will enable us to drive the business in a successful and profitable manner.

## **Our Business Strategy**

### **1. Increase in market share**

We are catering to a diversified client base to meet their growing demands. At present, we supply our products to most of the Agro Chemical companies. We have planned to pursue aggressive promotional campaign supported by a competitive pricing strategy and increasing our product range.

### **2. Market development:**

We also plan to set up new distribution channels in domestic and overseas markets which can source business and help in expanding the customer base. We intend to strengthen our design and development facilities to offer customized and new products. Our marketing team is continuous travelling within India and all across the world to meet customers, strengthen business relation with them and exploring new markets, new customers and new opportunities.

### 3. Entering into US and Europe Markets

As part of our future and further growth strategy, we intend to enter into US and Europe. We are in the process of making the applications for getting our products registered in US and few European countries to begin with. We believe since our products viz Deltamethrin and Alphacypermethrin are now recommended and included in the WHO/FAO specifications, this will give us an added advantage in terms of acceptability of our products.

### 4. Technical and Marketing Collaboration

We are looking for technical and marketing partner for our Company. Technical partnership is an ideal way to access new technologies without expending resources. These collaborations will give us access to latest technology, new and latest products and new markets. We believe that these partnerships will result into increase of revenue, expansion of geographical reach and will also benefit in terms of resource sharing.

### 5. Innovation and Product Development

We believe that key factor to sustain, strengthen and succeed in our business, lies in our ability to innovate new products and improvise our existing products. Our continuous process and product improvement helps deliver value with topmost quality to our customers. Product developments is required for growing our existing domestic and exports market and also to increase penetration into existing customers.

### 6. Strengthening our position in Public Health Products

As part of our further growth strategy we intend to focus on marketing of our public health products. These products include general insect control, termiticide, larvicide, indoor residual spray, rodenticide and cockroach gel. Currently these products are mainly sold in Gujarat and Maharashtra, we intend to increase the sales of these products to other cities and states.

Public Health products manufactured by our company are supplied in both Government Tenders and to Pest control companies. In last few years, our company has bagged many government tenders from Health department of Central government and State Governments as well as municipal corporations orders. We also plan to strengthen this segment.

## Our Major Products

### a) Technicals

#### *Fungicide*

- Tricyclazole Technical
- Hexaconazole

#### *Herbicide*

- Glyphosate Technical

#### *Insecticide*

- Cypermethrin Technical
- Deltamethrin Technical
- Alpha Cypermethrin Technical
- Acephate Technical
- Dichlorvos Technical
- Lambda Cyhalothrin Technical
- Methamidophos Technical
- Permethrin Technical
- Profenophos Technical
- Temephos Technical
- Theta Cypermethrin Technical
- Thiamethoxam



- Imidacloprid

**b) Intermediates**

- Cypermethric Acid Chloride (CMAC)
- High CIS CMA
- High CIS CMAC
- High Trans CMA
- High Trans CMAC
- Bromobenzenes
- Metaphenoxy Benzaldehyde (MPBD)
- Metaphenoxy Benzyl Alcohol (MPBAL)

**c) Formulations**

Our Major formulation Brand include:

**i. Insecticides**

Alphashakti, Cargo, Cypra, Cypraplus, Delphos, Dyken, Goldstar, Heraban, Heralaud, Herald, Herashakti, Hermit, Heroxa, Jayam, Mantra, Param, Progress, Progressplus, Prompt, Rambalux, Rider, Sarag, Signor, Veera amongst others.

**ii. Fungicides**

Exort, Herazim, Zeel, Sooper, Cyman, Dizole, Proline, Tebo, Tulip, Macamba, Mandy, Mask, Propizole, Silicon, Silicon Plus, Sulphy and Vintage

**iii. Herbicides**

Cloud 38, Cloud 58, Cloud 80, Atria, Muron, Chak De, Glory, Oxi Super, Bisperi, Glory, Glory 71, Shera, Metro, Metrix, Herachlor, Finox, Heraquat, Image, Pendant, Zinta

**iv. Public Health**

General Insect Control: Deltaflow, Spectra, Protex, Delfog  
Termiticide: Mantra TC, Heraban TC, Termifinn TC  
Larvicide: Temper EC, Temper SG Delthrin Delfog Mantra (TC) Alpha (WP)  
Indoor Residual Spray: Delthrin, Alpha Shakti 5WP, Proton  
Rodenticide: Rat Kill  
Cockroach Gel: Mantra Gel, Heranil Gel

**v. Bio-Products**

Orbit Bio-Flush (Gr) Bio-Flush (L)

**A. USAGE OF PRODUCTS**

1. D.V. Acid Chloride: - This is an important organic intermediate used in the manufacture of Pyrethroid class of Pesticides like Cypermethrin, Alphamethrin, Permethrin and Deltamethrin.
2. Cypermethrin: - This is a wide spectrum insecticide to control crop damaging insects in all range of fruits, vegetables, cotton and other crops. It is also used to control flies and other insects in animal houses. It has application in public health against mosquitoes, cockroaches, houseflies, etc.

3. Alphacypermethrin: - This is non systemic insecticide used for the control of a wide range of chewing and sucking insects in agricultural crops like cotton rice, potatoes, oilseeds, etc. used in public health for the control of harmful insects.
4. Permethrin: - An insecticide effective against broad range of pests. Used as preservation against insects and pests.
5. Deltamethrin: - This is also highly effective insecticide used in low dosages. It has both crop protective usages similar to the above and also more effective in Public Health control of measures. Used as preservative in grain storage and effective against wood pests.
6. Temephos: - This is an insecticide for the control of mosquito larvae in public health and agricultural solutions. Also used for controlling fleas on dogs and cats and lice on humans.
7. Lambda Cyhalothrin: - A wide range pesticide used in agricultural crops.
8. Acephate: - Systemic insecticide with contact and stomach action. It controls a wide range of chewing and sucking insects, such as Aphids, thrips, lepidopterous larvae, leaf miners, leafhoppers, cutworms, etc. in fruit (including citrus), vines, cotton, peanut, potatoes, rice, tobacco, ornamentals, forestry and other crops.

### Plant & Machinery

Details of major Equipment installed at our Unit 1:

<b>Sr.No:</b>	<b>Equipment Name</b>	<b>Capacity</b>	<b>Qty</b>
	<b>Reactors:</b>		
1	Glass lined Reactor	3 KL	2 Nos
2	Glass lined Reactor	4 KL	6Nos
3	Glass lined Reactor	5KL	4Nos
4	Glass lined Reactor	6.3 KL	11 Nos
5	Glass lined Reactor	8 KL	6 Nos
6	Glass lined Reactor	10 KL	7 Nos
7	Glass lined Reactor	12.5 KL	11 Nos
8	Glass lined Reactor	20 KL	2 Nos
1	S.S.-316 Reactor	4 KL	5 Nos
2	S.S.-316 Reactor	5 KL	6 Nos
3	S.S.-316 Reactor	6 KL	3 Nos
4	S.S.-316 Reactor	6.3 KL	2 Nos
5	S.S.-316 Reactor	7.5 KL	3 Nos
6	S.S.-316 Reactor	8 KL	1Nos
7	S.S.-316 Reactor	10 KL	10 Nos
8	S.S.-316 Reactor	15 KL	11 Nos
1	H.D.P.E.Reactor	10 KL	2Nos
2	H.D.P.E.Reactor	5 KL	1 Nos
	<b>Nitrogen plant:</b>		

1	Nitrogen Plant	10Nm <sup>3</sup>	1 Nos
2	Nitrogen Plant	15Nm <sup>3</sup>	1 Nos
3	Nitrogen Plant	20Nm <sup>3</sup>	1 Nos
	<b>Boiler:</b>		
1	Package Boiler	5 Ton/ hr	1
2	Package Boiler	2 Ton/ hr	1
3	Thermopack Boiler	5 Lakh Kl/hr	1
	<b>Chilling Plant:</b>		
1	Chilling plant -1 &2 (+5°)	150 TR	2 Nos
2	Chilling plant -3 (+5°)	100 TR	1 Nos
3	Chilling plant -4(-10°)	78 TR	1 Nos
4	Chilling plant -5 (15° )	60TR	1 Nos
5	Chilling plant -6 (0° )	75 TR	1 Nos
6	Chilling plant -6 (0° )	60 TR	1 Nos
7	Chilling plant -7 (0° )	60 TR	1 Nos
8	Chilling plant -8 (-20° )	60 TR	1 Nos
	<b>Cooling Tower:</b>		
1	MEE Cooling Tower	999	1Nos
2	MEE Cooling Tower	500	1 Nos
3	Utility Cooling Tower 1 & 2	240 TR	2 Nos
4	Utility Cooling Tower 3	250 TR	1 Nos
5	Utility Cooling Tower -4	200 TR	1 Nos
6	Process Cooling Tower -1	666 TR	1 Nos
7	Process Cooling Tower- 2	500 TR	1 Nos
8	Process Cooling Tower- 3	300 TR	1Nos
9	Process Cooling Tower- 4	100 TR	1 Nos
10	D.G. Cooling Twoer	180 TR	1 Nos
11	Pilot plant Cooling Tower	100 TR	1 Nos
	<b>Filter &amp; Drying Equipments:</b>		
1	S.S. Nutsch Filter	2-3 KL	4Nos
2	S.S. Nutsch Filter	5 -6 KL	3 Nos
3	Rubber lined Nutsch Filter	3 KL	2 Nos
4	M.S. Nutsch Filter	3 KL	3 Nos
5	S.S. Centrifuge Mechine	48"	2 Nos
6	Rubber lined Cntrifuge Mechine	48"	1 Nos
7	Rotary Vacuum Dryer	5 KL	3 Nos
8	Rotary Vacuum Dryer	2 KL	1 Nos
9	Spin Flash Dryer	40 kg/hr	1 Nos
10	Spin Flash Dryer	200 kg/hr	1 Nos
11	Fluid Bed Dryer	250 kg/hr	1 Nos
	<b>Effluent Treatment Plant:</b>		
1	Multiple Effect Evaporators	12KL/hr	1Nos

2	Solvent Stripper	12 KL/hr	1 Nos
3	Agitated Thin Film Dryer	225 Kg/hr	1 Nos
4	Total Organic Carbon Analyser		1 Nos
	<b>Lab Equipments</b>		
1	Gas Chromatography		5 Nos
2	High Performance Liq Chromatography		3 Nos
3	Palorimeter		1 Nos
4	UV Spectrophotometer		1 Nos
5	Kari Fisher Apparatus		1 Nos
6	Melting Point Appratus	200 °c	1 Nos
7	Weighing Balance	220 Gram	2 Nos
8	P.H meter		1 Nos
9	Heating Oven	150°c	2 Nos
10	Ultrasonic Bath		1 Nos
11	Vacuum Pump	40 Torr	1 Nos

Details of major Equipment installed at our Unit 2:

<b>Sr. no</b>	<b>Equipment</b>	<b>Capacity</b>	<b>Quantity</b>
	<b>Reactors:</b>		
1	Glasslined Reactor	12.5 KL	2 nos
2	Glasslined Reactor	10 KL	6 nos
3	Glasslined Reactor	8 KL	3 nos
4	Glasslined Reactor	6.3 KL	2 nos
5	Glasslined Reactor	5 KL	1 nos
6	SS Reactor	17 KL	2 nos
7	SS Reactor	15 KL	12 nos
8	SS Reactor	5 KL	2 nos
9	SS Reactor	4 KL	2 nos
10	SS Reactor	3 KL	1 nos
11	MS Reactor	24 KL	5 nos
12	MS Reactor	13 KL	1 nos
13	MS Reactor	10 KL	1 nos
14	MSTL Reactor	25 KL	2 nos
15	MSTL Reactor	10 KL	1 nos
16	HDPE Reactor	10 KL	1 nos
17	HDPE Reactor	4 KL	1 nos
	<b>Heat Exchangers :</b>		
1	Graphite Heat Exchangers	11 m2	17 nos
2	SS Heat Exchangers	5 m2 to 15 m2	31 nos
3	MS Heat Exchangers	15 m2 to 20 m2	9 nos
	<b>Ejectors :</b>		

1	Steamjet Ejectors	5 kg/hr to 7 kg/hr at 2 torr	8 nos
2	Waterjet Ejectors	40 torr	6 nos
	<b><u>Pumps:</u></b>		
1	C.I Pumps(Kirloskar)	50 to 200 m3/hr	44 nos
2	PP & PVDF Pumps	6 to 25 m3/hr	20 nos
3	SS/MS Pumps	10 m3/hr	14 nos
4	Dosing Pump	0-500 LPM	8 nos
	<b><u>Utility:</u></b>		
1	Process cooling Tower	500 TR	1 nos
2	Ejector cooling Tower	300 TR	1 nos
3	DG Cooling Tower	100 TR	1 nos
4	Utility Cooling Tower -1	300TR	1 nos
5	Utility Cooling Tower -2 & 3	175 TR	2 nos
6	Air Compressor - 1,2 & 3	66 & 100 CFM	3 nos
7	Nitrogen Plant	10 NM3/hr	2 nos
8	Chilling Plant -1 & 2	100 TR at +5	2 nos
9	CaCl2 Brine Plant-1 & 2	50 TR at -10	2 nos
10	MEG Brine Plant	20 TR at -20	1 nos
	<b><u>ETP:</u></b>		
1	Primary & Secondary lamella	2 KL	2 nos
2	Floculator	2 KL	1 nos
3	Sand bed filter	4 KL	1 nos
4	carbon bed filter	4 KL	1 nos
5	Feeding Tank	20 KL	2 nos
6	Holding /dosing tank	2 KL TO 5 KL	4 nos
7	Root Blower	450 & 350 m3/hr	2 nos
	<b><u>Lab Instruments:</u></b>		
1	Gas Chromatograph (GC)	Chemito / 8610	3 nos
2	HPLC System	Shimadzu /Prominence	1 nos
3	Precision Balance (0.1mg accuracy)	0.1 mg to 1 mg	3 nos
4	Weighing Balance	6 kg	1 nos
5	Karl Fischer Auto Titrator (digital)	Veego -Matic D (VM-D)	1 nos
6	pH meter (digital)	Toshcon Industries/CL 54+	1 nos
7	Hot Air Oven	Prototech	1 nos
8	Muffle Furnace	Bio-Technics	1 nos
9	B.O.D.Incubator	Thermolab / TB0000090S	1 nos
10	Melting Point Apparatus	Veego / VMP D	1 nos
11	Sonicator	PCI Analytics/ 3.5 L 100	1 nos
12	High vacuum pump (oil)	Vijay Pumps / V12	1 nos
13	Zero Air/Nitrogen Generator	PCI / NAG-01	1 nos
14	Total Organic Carbon Analyzer	Shimadzu/ TOC-4110	1 nos

Details of major Equipment installed at our Unit 3 and Unit 4:

Plant	Name of Equipments
Granulation	Granulator
	Bucket Elevator
	Packing FFS Machine
	Vibrator
	Storage Hopper
Powder(Insecticide & Harbicide)	ACM (2)
	Pre Blender ( 4)
	Post Blender ( 4)
	U Bleder(2)
	PJDC ( Dust Collector-2)
	Blower (2)
	Jet Mill(1)
	Compressor(1)
	FFS (1)
	FFS (1)
	Auger Filler (1)
	Pouch Sealing Machine(8)
	Strepping Combo Machine(3)
	Multi Milling(2)
Liquid(Insecticide & Harbicide)	Formulation Vessels (2)
	Formulation Vessels (4)
	Formulation Vessels (1)
	Stogae Vessel(1)
	Stogae Vessel(4)
	Liquid Filling Lines ( 2)
	Liquid Filling Lines ( 3)
	Liquid Filling Lines ( 1)
	Turn table(6)
	Tear off Cap Sealing Machine(4)
	Tin Metal Capping Machine(1)
	Screw Plug Tightening Machine(4)
	Plug Pressing Machine(6)
	Induction Machine(6)
	Autometic Labelling Machine(6)
	Jet Printing machine(9)
	Strepping Combo Machine(6)
	Air Suction Blower & Scrubber
	Shrink Tunnel(6)
	Hot water Bath(1)

	Jel Formulatin & Filling Machine(1)
Prills Formulation ( Harbicide)	Dough Maker
	Extruder(2)
	Dryer
	Vibrator
ETP	Collection Tank
	Nutralisation Tank
	Flucculator Tank
	Lamella
	Final Collection Tank
	Sand filter
	Carbon Filter

### Technology

Our Company is using the latest technology in all production systems for achieving high efficiency in the process in terms of yields at all stages for arriving at world class end products. The process equipment are carefully designed considering the process intricacies and all safety parameters to match the local and international standards. Our Company is equipped with modern and latest technology. Our R&D Laboratory is engaged in developing new products apart from upgrading the existing standards to attain new benchmarks and developing cost effective technologies to provide new generation agro chemicals with optimum yield. The R&D team has expertise in the products we manufacture. The process development for an identified product is done in step by step manner after a thorough literature survey, followed by the laboratory trials, pilot plant trials and then finally scaling it up to the plant size. We have testing facilities and application equipment to evaluate the product's performance. Our Company has a well-balanced effluent treatment system for the solid, liquid and gaseous effluents and emission generated from the various processes. All the necessary clearances have been obtained by our company from the competent authorities.

We have not entered into any technology agreement. Our Company uses proven technology for manufacturing our products, which we intend to continue for the new Project also.

### Collaborations

We have not entered into any technical or other collaboration.

### Process

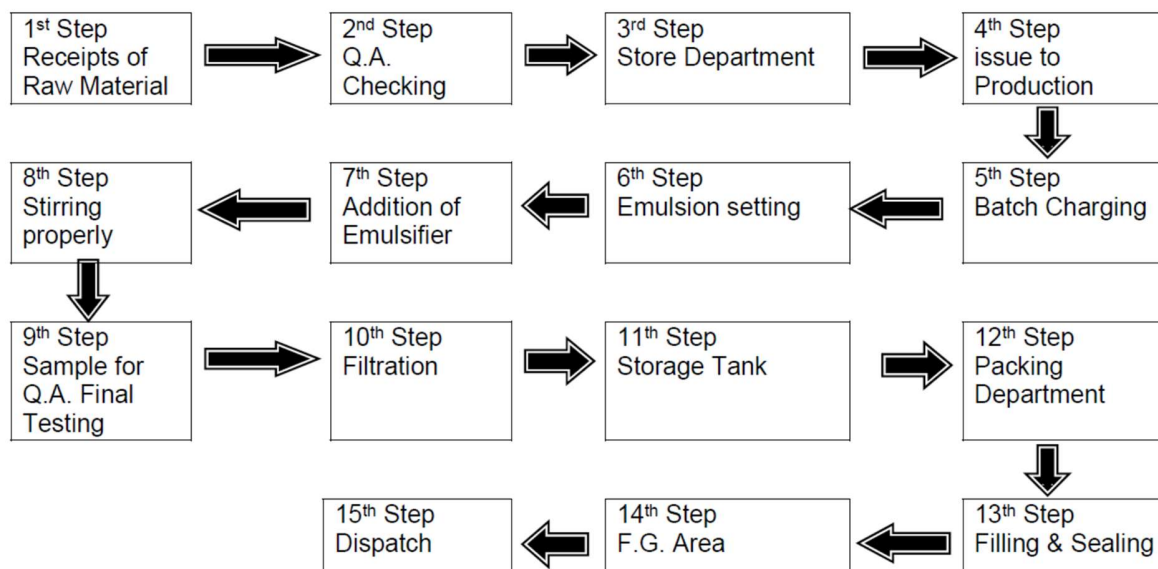
Our vision is to understand technologies and manufacture products, which contribute to making the world a better place to live in. The manufacturing process is done under strict quality control adhering to international standards, beginning as soon as the raw materials arrive at the factory even before it is sent for production.

Our company is using the latest technology in all production systems for achieving high efficiency in the chemicals process in terms of yields at all stages for arriving at world-class end products. The process equipment are carefully designed considering the process intricacies and all safety parameters to match the local and international standards.

Our company has a well-balanced effluent treatment system for the solid, liquid and gaseous effluents and emission generated from the various processes. These are chemically treated to the standards set out by the Government and Statutory bodies prior to the disposal. All the necessary clearances have been obtained by our Company from the competent authorities.

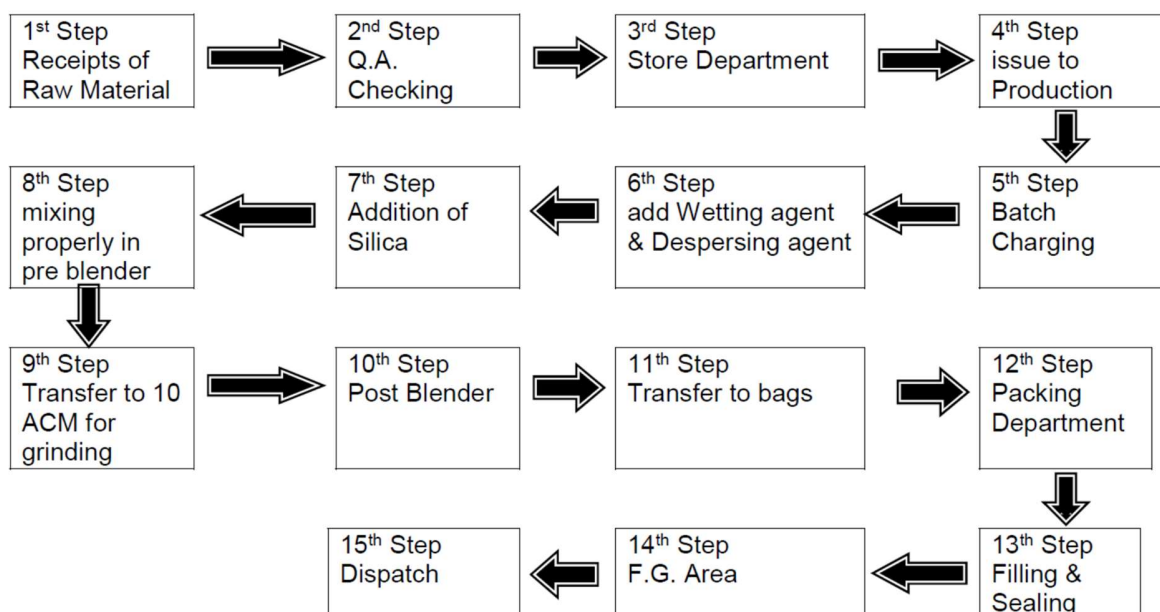
The process flow chart of the major products is detailed below:

**Flow Chart for Liquid Formulations:**

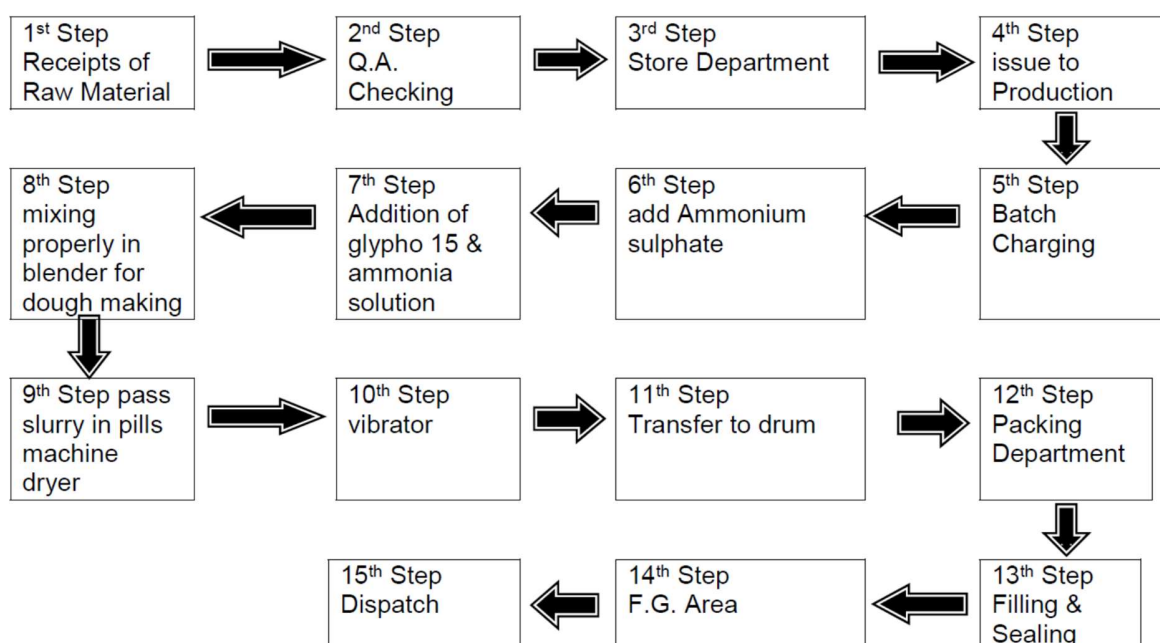




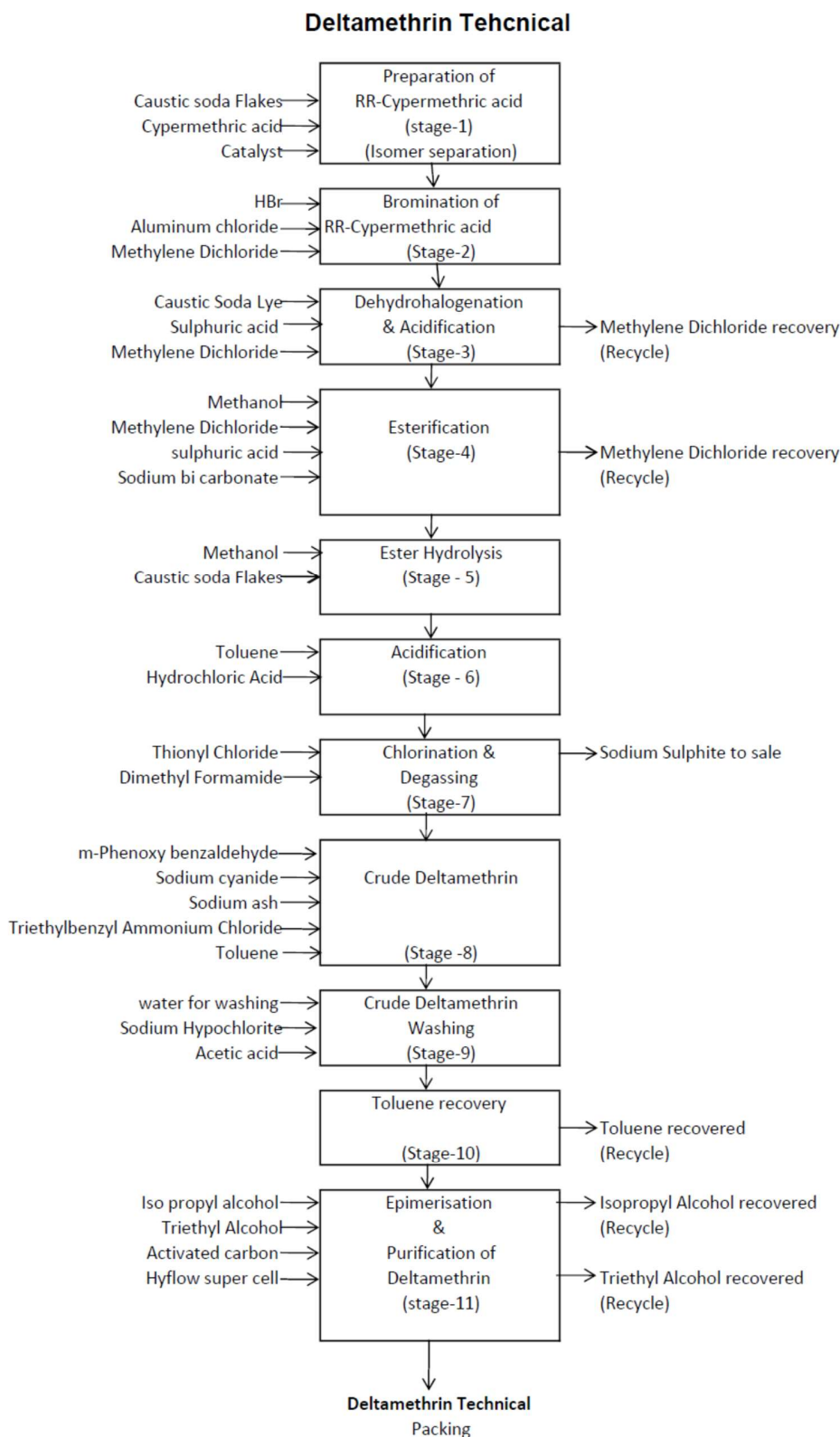
### Flow Chart for Powder Formulations:



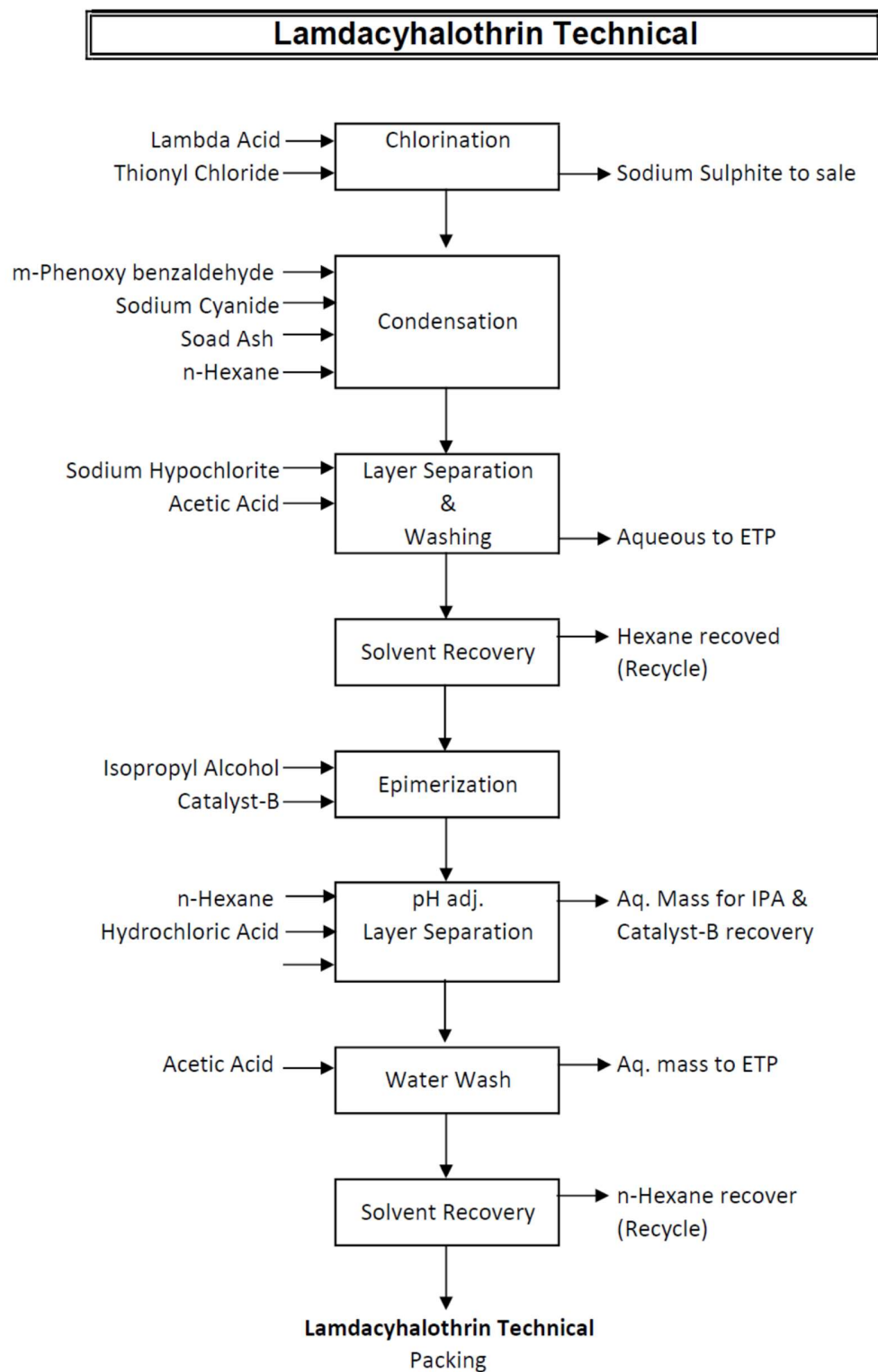
### Flow Chart for Prills Formulations:



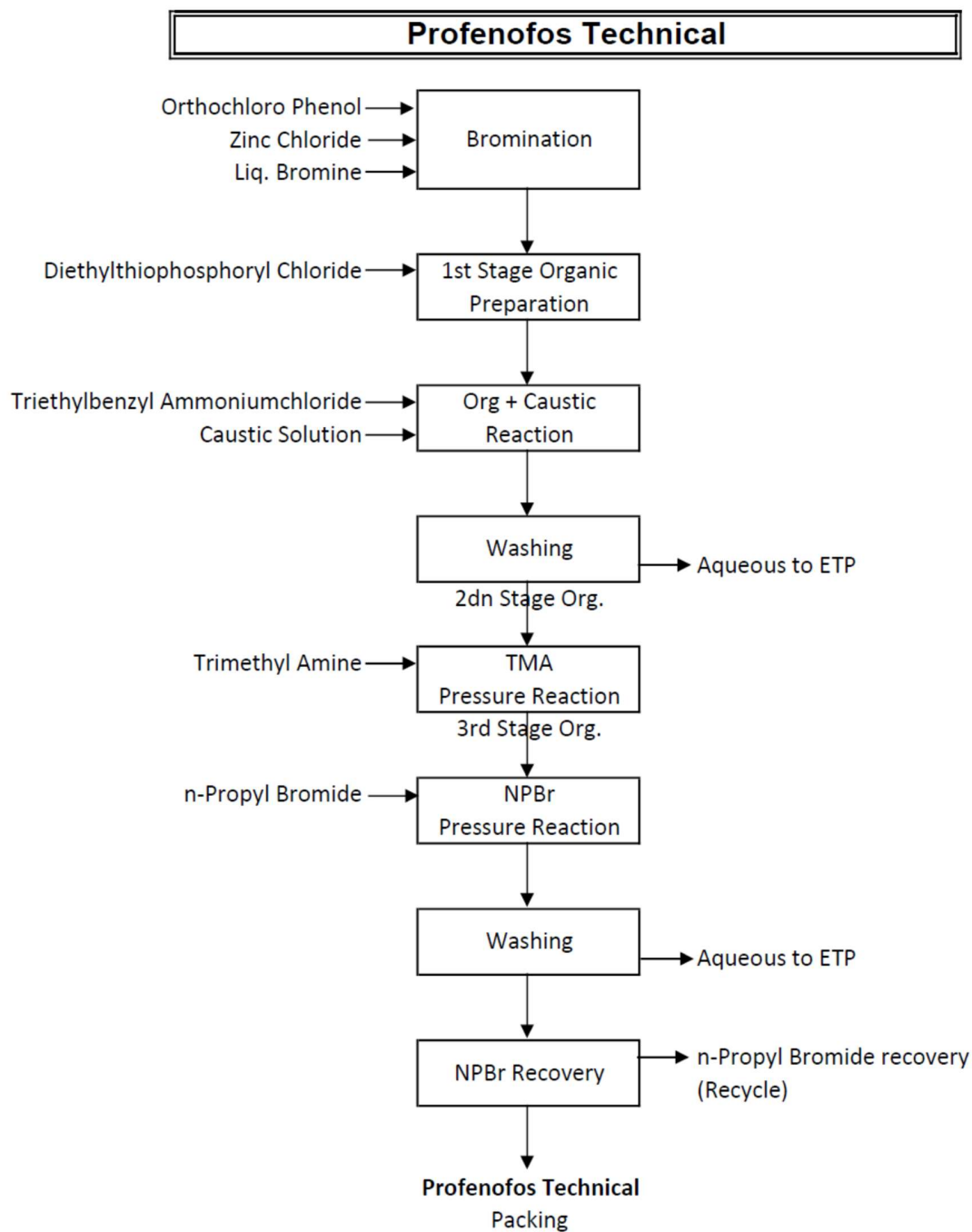
## Flow Chart for Deltamethrin Technical



# Flow Chart for Lamdacyhalothrin Technical



# Flow Chart for Profenofos Technical



## Raw Materials :

Our Company uses many chemicals as raw materials for manufacturing their products. The raw materials are sourced locally from the vendors and manufacturers and few chemicals are imported. The main raw materials are as follows:

• 4-Methyl-2 -Hydrazino Benzothiazole (4hmbt)	• Imidachloprid Technical
• Acetamiprid Technical	• Iso Butylene
• Acetic Anhydride	• Iso Propyl Alcohol
• Acrylonitrile	• Lactose
• Aluminium Chloride	• Liquid Bromine
• Benzene	• Liquor Ammonia
• Butachlor Technical	• Mancozeb
• Carbendaziam	• Meta Phenoxy Benzal Alcohol (Mpbal)
• Carbon Tetra Chloride	• Meta Phenoxy Benzaldehyde (Mpbdb)
• Cartap Technical	• Monocrotophos Technical
• Caustic Soda Lye	• N-Methyl Pyrrolidone
• China Clay	• Ortho Chloro Phenol
• Chloral	• Pendimethalin Technical
• Chlorpyrifos Tech	• Profenofos
• Cyclohexanone	• Phorate Tech
• Dichlorvos Tech	• Phosphoric Acid
• Di Iso Propylamine (Dipa)	• Pmida
• Di Methyl Sulphoxide	• Polyvinyl Pyrrol Idone( Pvpk)
• Diethyl Thiophosphoryl Chloride	• Precipated Silica
• Dimethyl Cyclopropas Carboxylic Acid (Tfp Acid)	• Pretilaclor Tech
• Dimethyl Sulphate	• Propiconazole Tech
• Dmpat	• Quinolpos Tech
• Emulsifiers, Surfactants, Excepients For Ec's, Wp's, Sc's, Granules, Formulations	• Sodium Cyanide
• Endosulfan Tech	• Solvent C9
• Ethion Tech	• Sulfosulfron
• Ethyl Acetate	• Sulphur 80 Wdg
• Formic Acid	• Temophos Tech
• Hexaconazole Tech	• Thionyl Chloride
• Hexane	• Toluene
• Hydrogen Peroxide	• Tri Methyl Phosphite
• Triazophos Tech	• Trimethylamine
• Triethylamine	• Zinc Phosphide

We have adequate storage facilities at all our Units for the storage of various kinds of chemicals, raw materials and finished products.

### **Packaging Material:**

Alluminium Bottles	HDPE Bottles
Bi-Laminate & Tri Laminate Flexible Pouches	HM Hdpe Drums
Composite Barrels	Labels
Corrugated Boxes	Lacquered Barrels
Duplex Cartoons	Leaflets
Fibre Drums	Pet Bottles

We source out raw materials from the domestic suppliers as well as order from outside India. The quality of the raw materials is checked in our laboratory before they are put to use.

The raw materials are stored under conducive conditions, depending upon the nature of the product. To reduce material handling damage and for easy accessibility raw material are stored and consumed in FIFO system.

Our raw materials are freely available from various suppliers, and we order them on a need basis, depending on the orders on hand and the estimate provided by the production and marketing team. We do not enter into any long-term contracts with the raw material suppliers.

### **Utilities**

Our Company mainly requires the following utilities:

#### ***Power Connection :***

##### *Unit 1*

*GEB power connection - 2300 KVA*

##### *Unit 2*

*GEB Power Connection: 1300 KVA*

##### *Unit 3 & Unit 4*

*Electricity Connection (Unit 3 /4 & Trichem Area) = 475 H.P.( It is for all Formulations & Packing activities for Unit3 / Unit4/ Trichem )*

### ***Water***

Water for all our facilities are provided by the GIDC authorities, and is adequate for our current operations as well as the proposed project.

### ***R & D FACILITY***

We commenced manufacturing activities in Agro chemical products in the year 1995. The first product was an intermediate called Cypermethric Acid Chloride which is the key input material for variety of Pyrethroid class of pesticides. The process for this intermediate was established with the active involvement and support of our R & D laboratory.

Subsequently the downstream pesticide products like Cypermethrin, Alpha Cypermethrin, Permethrin, Deltamethrin etc were introduced one by one as forward integration. All these developments were the result of our R & D team efforts in first developing and modifying the process to suit our plant requirements.

In due course of time to compete in the market place there were continuous efforts in process improvement and improvisation for better efficiency with improved yields and quality upgradation as well. This helped us to be at par with other players in the Agrochemical Industry.

Apart from above several other Insecticides, Herbicides & Public Health products were developed in the subsequent years with our R&D efforts in each unit. Formulation products of all our technical and also outsourced technical were established by our own laboratory.

We do not have a separate R & D center as of now. Each of our manufacturing units have independent process development laboratories well equipped with all laboratory scale reaction vessels, utilities and testing facilities with most modern instruments. We are planning for an independent R & D center in our new venture Sarigam in due course of time. Since R & D is the backbone of our future growth we assign topmost priority to the investment in this area.

We strongly believe in continuous improvement in quality and efficiency through innovations to facilitate affordable products to the end users. Some of our products are import substitutes saving precious foreign exchange as well as earning significant foreign exchange. Our R & D has played a major role in this achievement.

Synthesis Laboratory has a well-equipped laboratory with following facilities.

- An expert team comprising of able chemists and scientists.
- Glass equipment and accessories up to 5 liter capacity batch size.
- Efficient fumes hoods.
- Rotavapor and high vacuum pumps.
- Oil baths and water bath heaters.
- Cryogenic bath for low temperature.
- Drying hot air ovens.

Our R&D is well supported by an Analytical team equipped with dedicated instruments & experienced analysts.

*Instruments available:*

- Shimadzu H.P.L.C.
- Shimadzu GC and Thermo Fischer Scientific GCs.
- UV-Vis Spectrophotometer –Thermo Fischer Scientific
- Digital Polarimeter-Rudolph
- Precision Balances – Mettler
- Melting Point Apparatus
- Karl- Fischer Titrators
- pH meters

#### ***Environment aspect:***

Our Company is committed to preserve the environment and minimise emissions and effluents. We have installed necessary equipment including ETPs at all our facilities for controlling the pollution levels in the water/sludge discharged, in accordance with the rules framed by the Gujarat State Pollution Control Board. All our licences issued by the Gujarat State Pollution Control Board are valid and subsisting, and our effluent treatment systems are periodically inspected by the Gujarat State Pollution Control Board, before renewing the same.

#### **Manpower**

Our Company's human resource policy revolves around commitment to create organization that nurtures talent. We provide our employees an open atmosphere with a continuous learning curve that recognizes meritorious performance.

The following is a department wise break-up of our employees as on August 31, 2018:

Sr. No.	Category	H.O.	Unit No. 1	Unit No. 2	Unit No. 3/4	Formulation staff	Total
1	Senior Management	9	3	2	1	15	30

2	Middle Management	14	5	8	7	37	71
3	Technical Executives	11	30	27	6	38	112
4	Commercial Officer	8	10	4	14	108	144
5	Technical workers	8	100	76	5	12	201
	<b>Total</b>	<b>50</b>	<b>148</b>	<b>117</b>	<b>33</b>	<b>210</b>	<b>557</b>
6	<b>Contract Labour</b>	-	50	25	9	-	84
	<b>Grand Total</b>	<b>50</b>	<b>198</b>	<b>142</b>	<b>42</b>	<b>210</b>	<b>642</b>

### Safety Procedures

Some of our products and raw materials are considered hazardous and/or poisonous. We have adopted safety procedures at our manufacturing facilities, particularly in relation to the import of, storage, transportation and sale of such hazardous and/or poisonous substances. In addition, our staff is trained for safety at work. This includes knowledge about storage handling and disposal of the chemicals, which they handle. They are provided with personal protection equipment such as safety shoes, gloves, goggles and aprons.

### Quality and Quality Control

We focus significantly on the quality of the raw materials and finished products at all our manufacturing facilities to ensure the desired quality is attained. Quality forms the crux of our consistent drive towards perfection. Our adherence to total quality management systems using latest infrastructure and methodologies has enabled our Company to develop products that fully ensure customer and user satisfaction. We on a continuous basis analyse the raw materials being processed as well as the finished goods. We also conduct analytical tests in our laboratories, in order to analyse certain characteristics of our products, which include classical analysis on the melting and boiling point of certain products and chemical analysis.

### Past Production Figures Industry wise

We manufacture wide range of products catering to various customers and their different specifications. The product line being highly customer-specification oriented and fragmented. For details please refer to the section titles ‘Industry Overview’ beginning on page 86 of the Draft Red Herring Prospectus.

### Competition

The Indian agrochemicals market is highly fragmented in nature with many formulators. The competition is fierce with large number of organized sector players and significant share of spurious pesticides. The market has been witnessing mergers and acquisitions with large players buying out small manufacturers.

Like any other company, our Company also faces competition from both multinationals, having a big image in the industry and domestic corporate and other fragmented/marginal players

### Approach to Marketing and Marketing Set-up

We have a dealer and distribution network. Our Company conducts its marketing arrangement through a dedicated sales & marketing team. Our Promoters have more than two decades of experience in this field. They have developed strong relationships with customers over the years right from Multinational Companies to big Indian Companies where Quality and timely delivery is of utmost importance. We build long term relationships with our Customers. We grow with our Customers and help them to help us. Special measures are taken to ensure customer acquisition.

### Future Prospects

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure



such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted efforts of scientists to get early-maturing varieties of pulses and the increase in minimum support price. The government of India targets to increase the average income of a farmer household at current prices to Rs 219,724 (US\$ 3,420.21) by 2022-23 from Rs 96,703 (US\$ 1,505.27) in 2015-16.

Source: <https://www.ibef.org/industry/agriculture-india.aspx>

Indian agrochemical industry, which is estimated at \$ 4.4 billion in FY15, is expected to grow at 7.5 percent annually to reach \$ 6.3 billion by FY20, with domestic demand growing at 6.5 percent per annum and export demand at 9 percent per annum, according to a report jointly presented by Tata Strategic Management Group (TSMG) and FICCI at the latter's sixth National Conference on Agrochemicals 2016 in New Delhi.

"Agrochemicals play a critical role in ensuring food and nutrition security of the nation. With estimated 355 MMTPA (million metric tonne per annum) food grain requirement by 2030 from current 253 MMTPA, efficient usage of crop protection products and solutions for Indian agriculture are the need of the hour. In order to realise the true potential, industry, government and regulatory bodies need to work in tandem and embrace digital technologies to further improve farmer connect," commented Manish Panchal, senior practice head - chemicals & energy at Tata Strategic Management Group. As per the report, the industry is dominated by insecticides accounting for 60 percent of the overall demand, followed by fungicides and herbicides contributing 18 percent and 16 percent, respectively.

The report highlights the changing food consumption patterns in India, demand patterns and future growth potential of crop protection industry in India. As per the report, there is a need of crop protection and crop enhancement solutions to overcome the challenges faced by Indian agriculture in ensuring food and nutritional security of the nation. To ensure sustainable agriculture in the country, it has also suggested adoption of the best global practices and the latest technologies which include agronomy, fertigation, seed treatment and biotechnology development.

The Indian agriculture sector is currently facing critical challenges like reduction in arable land, decreasing farm size, increasing pest attacks, low per hectare yield and a shift towards animal products consumption, all of which are leading to demand outpacing supply in the country's food chain. Agrochemicals could play a significant role in overcoming this imbalance. Indian crop protection market is supported by strong growth drivers. Current consumption of crop protection products in India at 0.6 kg per hectares (ha), is much lower than the world average of 3 kg per ha. This offers immense opportunities for future growth. With several products going off-patent globally, the sector is opening opportunities for generics, contract manufacturing & research for Indian players who can leverage their large scientific talent pool.

Despite the strong growth drivers, Indian agrochemicals industry faces challenges in terms of low awareness among farmers and rising sales of non-genuine products (approximately 25 percent by volume). With large number of end users spread across the vast geography, managing availability through a distribution network is a challenge for all the major players. A collaborative approach by the industry, government & regulatory bodies is the need of the hour to realise full potential of the agrochemicals industry.

Source: <https://www.ibef.org/news/indian-agrochemicals-market-to-reach-us-63-billion-by-fy2020-report>

## **China Impact**

President Xi Jinping's drive to raise environmental protection and air quality as a priority. Statistics for 2017 are quite startling and indicate the scale of the programme, suggesting that 40% of China's total manufacturing capacity was temporarily shuttered last year, and 80,000 factories charged with breaching emissions levels. The global specialty chemicals market is likely to expand by 5.2% on a compounded basis from 2013-2018, and is estimated to jump to \$761 billion by 2018 from \$619 billion in 2014, said the report. "Business is shifting to India from China. This is mainly on account of stringent effluent norms and increasing wage costs in China.

Source: <https://economictimes.indiatimes.com/markets/stocks/news/chinas-decline-in-specialty-chemicals-business-to-benefit-india/articleshow/51544998.cms>

**Capacity and Capacity Utilization****Past Capacity and Capacity Utilization****UNIT 1**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016
Installed Capacity (TPA)	4,944.00	4,944.00	4,944.00
Total Production (Tonnes)	4,202.40	3,905.76	3,658.56
Capacity Utilisation (%)	85%	79%	74%

**UNIT 2**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016
Installed Capacity (TPA)	4,080.00	4,080.00	4,080.00
Total Production (Tonnes)	3,388.00	3,261.00	3,139.00
Capacity Utilisation (%)	83%	80%	77%

**UNIT 3 and Unit 4**

Particulars	March 31, 2018	March 31, 2017	March 31, 2016
Installed Capacity (TPA)	3,764.00	3,764.00	3,764.00
Total Production (Tonnes)	2,559.52	2,333.68	2,220.76
Capacity Utilisation (%)	68%	62%	59%

**Projected Capacity Utilization for next three years****UNIT 1**

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Installed Capacity (TPA)	7,704.00	7,704.00	4,944.00
Total Production (Tonnes)	6,548.40	6,163.20	4,449.60
Capacity Utilisation (%)	85%	80%	90%

**UNIT 2**

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Installed Capacity (TPA)	4,140.00	4,140.00	4,080.00
Total Production (Tonnes)	3,933.00	3,726.00	3,549.60
Capacity Utilisation (%)	95%	90%	87%

**New Sarigram Unit (Shifting of earlier UNIT 3 and Unit 4)**

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Installed Capacity (TPA)	5,000.00	5,000.00	3,764.00
Total Production (Tonnes)	3,200.00	3,000.00	2,634.80
Capacity Utilisation (%)	64%	60%	70%

## Export Possibilities & Export Obligation

We export our Products to countries such as Argentina, Belgium, Egypt, Ghana, Indonesia, Jordan, Malaysia, Nicaragua, Philippines, South Africa, Tunisia, Ukraine, Australia, Brazil, Europe, Hamburg, Iran, Kenya, Mexico, Nigeria, Poland, Turkey, Vietnam, Bangkok, China, France, Zimbabwe, Israel, Korea, Pakistan, Saudi Arabia, Taiwan, Uganda, Thailand, UK, Bangladesh, Colombia, Germany, Hongkong, Istanbul, Kyrgyzstan, New Zealand, Peru, Singapore and Middle East. We are constantly tapping new markets to have tie ups with reputed distributors in view of long term relationship. Our company's drive is to expand its business and provide the best to many other countries of the world.

Currently, our company does not have any outstanding export obligations.

## Property

Following are the details of the freehold properties of our Company:

Sr. No	Description of property	Purpose
1.	Flat No.101&102, 1 <sup>st</sup> Floor, Kanchanganga, Factory Lane, T.P. Scheme No.III, Near M.K. High School Borivali (West), 400 092, Mumbai	Head Office

Following are the details of the leasehold properties of our Company:

Sr. No.	Description of property	Name of Lessor/Landlord	Tenure	Purpose
1.	Plot No. 1504, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District-Valsad, 396 195, Gujarat, at Vapi Notified Industrial Area consisting of Revenue survey No. 117/P within a village limit of Chhiri Taluka Pardi, District Valsad (Industrial Plot, admeasuring 3,638 square metres)	Gujarat Industrial Development Corporation	99 years commencing from March 24, 1994	Manufacturing – Unit 1
2.	Plot No. 1505, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District-Valsad, 396 195, Gujarat, at Vapi Notified Industrial Area consisting of Revenue survey No. 117/P within a village limit of Chhiri Taluka Pardi, District Valsad (Industrial Plot, admeasuring 3,342 square metres)	Gujarat Industrial Development Corporation	99 years commencing from December 6, 1979	Manufacturing – Unit 1
3.	Plot No.1506/1, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue survey No. 117/P within a village limit of Chhiri Taluka Pardi, District Valsad (Industrial Plot, admeasuring 2,760 square metres)	Gujarat Industrial Development Corporation	99 years	Manufacturing – Unit 1

4.	Plot No. A2-2214, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 115 P/ & 116/P within Village limits of Chhiri, Taluka Pardi, District Valsad (Admeasuring 1,873 square metres)	Gujarat Industrial Development Corporation	99 years commencing from July 27, 1987	Manufacturing – Unit 2
5.	Plot No. A-2-2215, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 115 P/ & 116/P within Village limits of Chhiri, Taluka Pardi, District Valsad (Admeasuring about 1,809 square metres)	Gujarat Industrial Development Corporation	99 years commencing from August 26, 1987	Manufacturing – Unit 2
6.	Plot No. 1503/1, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 117 P/ within Village limits of Chhiri, Taluka Pardi, District Valsad (Admeasuring about 2,494 square metres)	Gujarat Industrial Development Corporation	99 years commencing from March 25, 1992	Manufacturing – Unit 3
7.	Plot No. 1409, Phase III, G.I.D.C, Vapi, Taluka-Pardi, District - Valsad, 396 195, Gujarat at Vapi Notified Industrial Area consisting of Revenue Survey No. 117 P/ within Village limits of Chhiri, Taluka Pardi, District Valsad (Admeasuring about 1,631 square metres)	Heranba Agro Science Limited	Heranba Agro Science Limited vide their letter dated April 1, 2018 has allowed our Company to use this property	Manufacturing – Unit 4
8.	Office no. 301, Soni Shopping Centre, L. T. Road, Borivali West, Mumbai - 400 092, Maharashtra, India	Chintaman Bhaskar Mali	Leave and License – 60 months commencing from February 10, 2018 to February 9, 2023.	Marketing Office
9.	Plot No. C-195 and C-196 in the Saykha Industrial Estate, consisting of revenue survey no. 343/P, 344/P, 346/P, 347/P and 350/P within the village limits of Saykha, Taluka- Vagra, Dist. Bharuch (Admeasuring about 33,640 square metres)	Gujarat Industrial Development Corporation		Proposed Manufacturing unit at Bharuch Unit

10.	Plot No. 2817/1 at Sarigram Industrial Estate (Admeasuring about 55,000 square metres)	Gujarat Industrial Development Corporation	GIDC vide office order dated May 28, 2018 has transferred the plot in our name.	Proposed Manufacturing Unit
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### **Intellectual Property**

Our Company has made fifty-seven (57) Trade Marks applications which are registered under class 5 with the Trade Marks Registry, Mumbai.

### **Insurance**

Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We may also be subject to product liability claims if the products that we manufacture are not in compliance with regulatory standards and the terms of our contractual arrangements. Our principal types of coverage include Marine Cargo Open Policy, Standard Fire and Special Perils Policy, Boiler and Pressure Plant Insurance Policy, Burglary Floater Policy, Public Liability Industrial Risk Policy. Our insurance policies have standard exclusions. We believe that our insurance policies and coverage is sufficient for our business and operational needs as per industry standards. Our insurance policies may not be sufficient to cover our economic loss. Refer “*Risk Factors – Internal Risk Factors – Our insurance cover may not adequately protect us against all material hazards*” on page 31.

## KEY INDUSTRIAL REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of the relevant regulations and policies that are applicable to our business, as prescribed by the Government of India and other regulatory bodies. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations set below may not be exhaustive, are intended only to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, refer "Government and Other Approvals" on page 261 of this Draft Red Herring Prospectus.*

*Except as otherwise specified in this Draft Red Herring Prospectus, taxation statutes including the Income Tax Act, 1961, Central Sales Tax Act, 1956, Central Excise Act, 1944, Service Tax under the Finance Act, 1994, applicable local sales tax statutes and other miscellaneous regulations and statutes may apply to us as they do to any other Indian company. With effect from July 1, 2017, Goods and Services Tax Laws (including Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, States Goods and Services Tax Act, 2017 and Union Territory Goods and Services Tax Act, 2017) are applicable to our Company. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Set forth below are certain significant Indian legislations and regulations which are generally adhered to by the industry that we operate in.*

*Set forth below are certain significant Indian legislations and regulations which are generally adhered to by the industry that we operate in.*

### Industry specific Regulations

#### 1. The Insecticides Act, 1968 (the "Insecticides Act")

The Insecticides Act regulates the (i) registration; (ii) licensing; and (iii) quality-control of insecticides.

*Registration:* The definition of insecticides includes fungicides and weedicides. Any person who desires to import or manufacture any insecticide is required to apply to the registration committee under the Insecticides Act, for the registration of such an insecticide. The functions of the registration committee include registering insecticides after scrutinizing their formulae and verifying claims made by the importer or the manufacturer, as the case may be, as regards their efficacy and safety to human beings and animals. The registration is granted by a central authority and is effective throughout India.

*Licensing:* Any person who desires to manufacture or sell, stock or exhibit for sale or distribute any insecticide, or to undertake commercial pest control operations with the use of any insecticide may make an application to the licensing officer for the grant of a license under the Insecticides Act. Our Company is required to obtain a separate license for each place in which we manufacture, sell or distribute our products. The license granted may be revoked, suspended or amended, *inter alia*, for misrepresentation of an essential fact and failure to comply with the conditions subject to which the license was granted. The validity of the license is for a period of two years and every such license is required to be renewed within three months from the date of its expiry on payment of late fees.

*Quality control:* If based on inspection and analyses by the concerned statutory authority, the use of an insecticide or a batch thereof is likely to lead to such risk to human beings or animals, the Central Government or the State Government of such insecticides may prohibit its sale, distribution or use, by notification, for a specified period.

*Penalties:* Contravention of the Insecticides Act is punishable with imprisonment or fine or both, with enhanced punishment for repeat offences. Similarly, a person may be imprisoned for a period of six months to three years depending upon the nature of the offence. Further, the prescribed officer under the Insecticide Act has the power to stop the distribution, sale or use of an insecticide for a specified period which he has reason to believe is being distributed, sold or used in contravention of the Insecticides Act. Additionally, if any person is

convicted under the Insecticide Act, the stock of insecticide in respect of which the contravention has been made is liable to be confiscated.

We are also required to comply with the guidelines, regulations and rules issued by the Central Insecticides Board and Registration Committee ("**CIBRC**") including the Insecticides Rules, 1971. The functions of the CIB include to advise the Central Government and State Governments on technical matters such as the risk to human beings or animals involved in the use of insecticides and the safety measures necessary to prevent such risk and the manufacture, sale, storage, transport and distribution of insecticides with a view to ensure safety to human beings or animals and to carry out the other function assigned to it by or under the Insecticides Act.

2. **The Insecticides Rules, 1971 (the "*Insecticides Rules*")**

The Central Government, in exercise of the powers conferred by Section 36 of the Insecticides Act, and upon consultation with the CIB, promulgated the Insecticides Rules. The Insecticides Rules assign functions to the CIB in addition to those assigned under the Insecticides Act, including specifying the uses of the classification of insecticides on the basis of their toxicity as well as their being suitable for aerial application; advising on the tolerance limits for insecticides, residues and an establishment of minimum intervals between the application of insecticides and harvest in respect of various commodities; and specifying the shelf-life of insecticides. Further, the Insecticides Rules assign additional functions to the registration committee. These include specifying the precautions to be taken against poisoning through the use or handling of insecticides and carrying out such other incidental or consequential matters necessary for carrying out the functions assigned to it under the Insecticides Act or Insecticides Rules. In terms of the Insecticides Rules, the functions of the Central Insecticides Laboratory, established under the Insecticides Act, include analysing samples of insecticides and insecticide residues and determining the efficacy and toxicity of insecticides. The Insecticides Rules make detailed provisions for manufacture and/or sale of insecticides, *inter alia*, the registration of insecticides, grant of license to manufacture insecticides and specifications relating to packaging, transportation and labeling of insecticides, the appointment, powers, duties and functions of insecticide analysts and inspectors.

3. **Industrial (Development and Regulation) Act, 1951 (the "*Industrial Act*")**

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.

4. **The Draft Pesticides Management Bill, 2017 (the "*Draft Pesticide Management Bill*")**

The draft Pesticides Management Bill seeks to regulate the import, manufacture, export, storage, sale, transport, distribution, quality and use of pesticides with a view to (i) control pests; (ii) ensure availability of quality pesticides; (iii) allow its use only after assessing its efficacy and safety; (iv) minimize the contamination of agricultural commodities by pesticide residues; and (v) create awareness among users regarding safe and judicious use of pesticides. The draft Pesticides Management Bill has been introduced to take necessary measures to continue, restrict or prohibit the use of pesticides with a view to prevent its risk on human beings, animals or environment. The Ministry of Agriculture and Farmers Welfare, Government of India, had recently sought comments on the Draft Pesticides Management Bill from various stakeholders.

5. **The Petroleum Act, 1934 (the "*Petroleum Act*")**

The Petroleum Act was passed to consolidate and amend the laws relating to the import, transport, storage, production, refining and blending of petroleum. Under the Petroleum Rules, 2002, any person intending to

store furnace oil/petroleum, of such class and in such quantities, otherwise than under a license shall take the approval of the Chief Controller before commencing storage.

6. **The Explosives Act, 1884 ("*Explosives Act*")**

This is a comprehensive law which regulates by licensing for the manufacturing possession, sale, transportation, export and import of explosives. As per the definition of 'explosives' under the Act, any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic effect shall fall under the Act. The Central Government may, for any part of India, make rules consistent with this Act to regulate or prohibit, except under and in accordance with the conditions of a licence granted as provided by those rules, the manufacture, possession, use sale, transport, import and export of explosives, or any specified class of explosives. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Act.

7. **The Indian Boilers Act, 1923 ("*Boilers Act*")**

The Boilers Act pertains to regulation of possession of steam-boilers. Every person owning a boiler has to register it with specifications concerning its capacity, design etc. The Boilers Act further provides for the conditions precedent for setting up of boilers, inspection procedure and reporting requirements, and prescribes penalties for the illegal or improper usage of boilers.

8. **The Solvent Raffinate and Slop (Acquisition, Sale, Storage and Prevention of Use in Automobiles) Order, 2000 (the "*Solvent Order*")**

The Solvent Order has been issued under the ECA and provides that no person shall either acquire, store or sell solvents, raffinates and slops or their equivalent, without a licence, issued by the State Government or the district magistrate or any other officer authorised by the Central Government or the State Government.

9. **Legal Metrology Act, 2009 (the "*Legal Metrology Act*")**

The Legal Metrology Act, repeals and replaces the Standard of Weights and Measures Act, 1976 and the Standards of weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks 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 formatter's incidental thereto. The Legal Metrology Act, inter alia, provides for: (a) approval of model of weight or measure; (b) verification of prescribed weight or measure by Government approved Test Centre; (c) exempting regulation of weight or measure or other goods meant for export; (d) nomination of a Director by a company who will be responsible for complying with the provisions of the enactment; (e) empowering the Central Government to make rules for enforcing the provisions of the enactment; and (f) penalty for offences and compounding of offences.

10. **The Foreign Trade (Development and Regulation) Act, 1992 (the "*FTA*")**

The FTA provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto. As per the provisions of the Act, the Government: (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorised to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorised to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the Export-Import ("*EXIM*") Policy. FTA read with the Indian Foreign Trade Policy provides that no export or import can be made by a company without an Importer-Exporter Code number ("*IEC*") unless such company is specifically exempt. An application for an Importer-Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce.

11. **The Export (Quality Control and Inspection) Act, 1963 (the "*Export Act*")**



The Export Act empowers the Government of India to establish, a council called the Export Inspection Council, which would advise the Central Government regarding measures for the enforcement of quality control and inspection in relation to commodities intended for export and to formulate programmes in connection therewith, to make, with the concurrence of the Central Government, grants-in-aid to various agencies involved in foreign trade.

**12. Consumer Protection Act, 1986 (the "*Consumer Protection Act*")**

The Consumer Protection Act was designed and enacted to provide a simpler and quicker access to redress consumer grievances. It seeks, inter alia to promote and protects the interest of consumers against deficiencies and defects in goods or services and secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers, service providers and traders. It establishes consumer disputes redressal forums and commissions for the purposes of redressal of consumer grievances. In addition to awarding compensation and/or corrective orders, the forums and commissions under the Consumer Protection Act are empowered to impose imprisonment of not less than a month, but not exceeding three years, or a fine of not less than ₹2,000, but not more than ₹10,000, or both.

**Environmental Laws**

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 and the rules and regulations thereunder and The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008. Pollution Control Boards ("*PCBs*"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state to control and prevent pollution. The PCBs are responsible for setting the standards for the maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. All industries and factories are required to obtain consent orders from the PCBs, and these orders are required to be renewed annually.

**1. Environment Protection Act, 1986 (the "*Environment Act*")**

The EPA has been enacted with an objective of protection and improvement of the environment and for matters connected therewith. As per this Act, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the Act, including the power to direct the closure, prohibition or regulation of any industry, operation or process.

**2. Environment (Protection) Rules, 1986 (the "*Environment Rules*")**

In exercise of powers conferred under the Environment Act, the Central Government notified the Environment Rules. Pursuant to Environment Rules, every person who carries on an industry, operation or process requiring consent under Water (Prevention and Control of Pollution) Act, 1974 or Air (Prevention and Control of Pollution) Act, 1981 or shall submit to the concerned Pollution Control Board ("*PCB*") an environmental statement for that financial year in the prescribed form.

**3. Air (Prevention and Control of Pollution) Act, 1981 (the "*Air Act*")**

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the State PCB prior to commencing any activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four (4) months after the receipt of the application for consent the State PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

4. **Water (Prevention and Control of Pollution) Act, 1974 (the "*Water Act*")**

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("*State PCB*"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent.

5. **Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (the "*Hazardous Wastes Rules*")**

The Hazardous Waste Rules define the term "hazardous waste" and any person who has control over the affairs of a factory or premises or any person in possession of the hazardous or other waste is classified as an "occupier". In terms of the Hazardous Waste Rules, occupiers have been, *inter alia*, made responsible for safe and environmentally sound handling of hazardous wastes generated in their establishments and are required to obtain license/ authorisation from the respective State PCB for generation, processing, treatment, package, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or similar activities in relation to hazardous waste. The Hazardous Waste Rules also prescribe the hierarchy in the sequence of priority of prevention, minimization, reuse, recycling, recovery and co-processing. Further, State PCBs are mandated to prepare an inventory of the waste generated, waste recycled, recovered and utilized including co-processed, re-exported and disposed, based on annual returns received from occupiers and operators, and submit it to the Central Pollution Control Board on an annual basis.

6. **Water (Prevention & Control of Pollution) Cess Act, 1977 ("*Water Cess Act*") and Water (Prevention & Control of Pollution) Cess Rules, 1978 ("*Water Cess Rules*")**

The Water Cess Act has been enacted to provide for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities, with a view to augment the resources of the central and State PCB for the prevention and control of water pollution constituted under the Water Act. The Water Cess Rules have been notified under Section 17 of the Water Cess Act and provide, *inter alia*, for the standards of the meters and places where they are to be affixed and the furnishing of returns by consumers.

7. **Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 ("*Hazardous Chemical Rules*")**

The Hazardous Chemical Rules, as amended, were framed under the Environment Protection Act, 1986. These Hazardous Chemical Rules apply to workplaces in which certain hazardous chemicals are manufactured or stored. An occupier who has control of an industrial activity is required to provide evidence to show that it has, identified the major accident hazards; and taken adequate steps to prevent such major accidents and to limit their consequences to persons and the environment. Further, the occupier is required to provide to persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Under the Hazardous Chemical Rules, the occupier is required to submit safety report as specified in Schedule 8 of the Hazardous Chemical Rules. Among other things, the occupier is required to prepare and keep updated on site emergency plan as per Schedule 11 of the Hazardous Chemical Rules, detailing how a major accident will be dealt in the industry on the site.

8. **Public Liability Insurance Act, 1991 ("*Public Liability Act*")**

The Public Liability Act, as amended, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substance. A list of hazardous substances covered by the Public Liability Act has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

**Intellectual Property Laws**

## 1. Trade Marks Act, 1999

The Indian law on trademark is enshrined in the Trade Marks Act of 1999. Under the existing Act, a trademark is a mark used in relation to goods and/or services so as to indicate a connection between the goods or services being provided and the proprietor or user of the mark. A 'Mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style, the shape of goods other than those for which a mark is proposed to be used, or any combination thereof or a combination of colours and so forth. The trademark once it is applied for is advertised in the trademarks journal, oppositions, if any, are invited and after satisfactory adjudication of the same, is given a certificate of registration. The right to use a mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fees.

## Industrial and Labour Laws

### Factories Act, 1948 ("*Factories Act*")

Factories Act defines a 'factory' to cover any premises which employs ten or more workers on any day of the preceding twelve months and in which manufacturing process is carried on with the aid of power or any premises where at least twenty workers are employed in a manufacturing process.

Each state government has enacted rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The Factories Act also provides for imposition of fines and imprisonment of the manager and occupier of the factory in case of any contravention of the provisions of the Factories Act.

In addition to the Factories Act, the employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws which may be applicable to our Company due to the nature of our business activities:

1. Contract Labour (Regulation and Abolition) Act, 1970;
2. Employees' Compensation Act, 1923;
3. Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
4. Employees' State Insurance Act, 1948;
5. Industrial Disputes Act, 1947;
6. Industrial Employment (Standing orders) Act 1946;
7. Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
8. Child Labour (Prohibition and Regulation) Act, 1986
9. Maternity Benefit Act, 1961;
10. Minimum Wages Act, 1948;
11. Payment of Bonus Act, 1965;
12. Apprentices Act, 1961;
13. Payment of Gratuity Act, 1972;
14. Payment of Wages Act, 1936; and
15. Equal Remuneration Act, 1976.

### Other Regulations

In addition to the above, our Company is also required to comply with the provisions of Companies Act, 1956, to the extent applicable, the Companies Act, 2013 and other applicable statutes imposed by the Centre or the State for its day-to-day operations.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief History of our Company

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli dated March 17, 1992 with the name '*Heranba Industrial Chemicals Private Limited*'. Subsequently, our Company was converted into a public limited company pursuant to approval of the shareholders at an extraordinary general meeting held on June 15, 1996 and consequently, the name of our Company was changed to '*Heranba Industrial Chemicals Limited*' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. Subsequently, the name of our company was changed to '*Heranba Industries Limited*' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli on July 26, 1996. Our corporate identification number is U24231GJ1992PLC017315.

### Names of signatories to the Memorandum of Association of our company and the number of Equity Shares subscribed by them:

The names of the signatories of the Memorandum of Association of our company and the number of Equity Shares subscribed by them at the time of signing of the Memorandum of Association: Harshvardhan Churi (10 Equity Shares) and Mahadev Limbore (10 Equity Shares) aggregating to 20 Equity Shares.

Sadashiv K. Shetty and Raghuram K. Shetty are the existing Promoters of our Company and in aggregate hold 2,71,73,780 Equity shares equivalent to 69.58% of the pre-issue, subscribed and paid-up Equity Share Capital of our Company.

### Business and management

For a description of our activities, services, products, technology and built-up capacity, market of each segment, the growth of our Company, foreign operations, the standing of our Company with reference to prominent competitors in connection with our products, management and managerial competence, major suppliers and customers, environmental issues, geographical segment etc., see "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Government and Other Approvals*" on pages 99, 232 and 261, respectively.

For details of the management of our Company and its managerial competence, see "*Our Management*" on page 137.

### Changes in our Registered Office:

As on the date of this Draft Red Herring Prospectus, our Registered Office is located at Plot No 1504/1505/1506/1 GIDC, Phase-III Vapi, Valsad -396 195, Gujarat, India.

To the extent ascertainable from available past records, following are the details of the changes in the address of the registered office of our Company since incorporation:

Date of Change of Registered Office	Details of the address of Registered Office	Reason
Date not ascertainable	From Flat No. 15, Nirmal Apartment, Anand Nagar, Chharwara Road, Vapi, Gujarat to 1505 GIDC Phase III Vapi, Dist-Valsad 396 195 Gujarat, India	--
January 5, 2016	From 1505 GIDC Phase III Vapi, Dist-Valsad 396 195 Gujarat, India to 1504,1505,1506/1,GIDC Phase III Vapi, Dist-Valsad 396 195 Gujarat, India	Addition of two plots in the existing address of the registered office of our Company.

## Main Objects of our Company:

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

- “1. To carry on business as manufacturers, formulators, processors, producers makers, buyers, sellers, resellers, importers, exporters, distributors, suppliers, fermentators, distillers, refiners, stockists, agents, merchants of and dealers in chemicals, chemical compounds (organic and inorganic) in all forms (solid, liquid and gaseous) and of all kinds, heavy chemicals, acids, alkalies, tannin extracts solvents, dyestuffs, dyes, intermediates, colours, chemical auxiliaries, bio-chemicals and its related preparations, articles and products.”

The main object 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 Offer. For further details, refer “Objects of the Offer” on page 75.

## Amendments to the Memorandum of Association

The following table details the changes in our Memorandum of Association:

Particulars of Change	Date	EGM/AGM
Increase in Authorised Capital from ₹5,00,000 consisting of 5,000 Equity shares of ₹100.00 each to ₹25,00,000 consisting of 25,000 Equity shares of ₹100.00 each.	October 21, 1992	EGM
Increase in Authorised Capital from ₹25,00,000 consisting of 25,000 Equity shares of ₹100.00 each to ₹2,00,00,000 consisting of 2,00,000 Equity shares of ₹100.00 each.	January 6, 1995	EGM
Increase in Authorised Capital from ₹2,00,00,000 consisting of 2,00,000 Equity shares of ₹100.00 each to ₹3,00,00,000 consisting of 3,00,000 Equity shares of ₹100.00 each.	March 21, 1995	EGM
Our Company was converted into a public limited company and consequently, the name of our Company was changed to ‘Heranba Industrial Chemicals Limited’	June 15, 1996	EGM
Re-organisation of the capital structure from ₹3,00,00,000 consisting of 3,00,000 Equity shares of ₹100.00 each to ₹3,00,00,000 consisting of 30,00,000 Equity shares of ₹10.00 each.	June 15, 1996	EGM
The name of our company was changed to ‘Heranba Industries Limited’	July 26, 1996	EGM
Re-organisation of the capital structure ₹3,00,00,000 consisting of 30,00,000 Equity shares of ₹10.00 each to ₹3,00,00,000 consisting of 25,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	September 20, 1997	AGM
Increase in Authorised Capital from ₹3,00,00,000 consisting of 25,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each to ₹4,00,00,000 consisting of 35,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	January 23, 2003	EGM
Increase in Authorised Capital from ₹4,00,00,000 consisting of 35,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each to ₹5,00,00,000 consisting of 45,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.	March 2, 2009	EGM
Increase in Authorised Capital from ₹5,00,00,000 consisting of 45,00,000 Equity Shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each to	April 24, 2014	EGM

Particulars of Change	Date	EGM/AGM
₹10,00,00,000 consisting of 95,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each.		
Re-organisation of the capital structure from ₹10,00,00,000 consisting of 95,00,000 Equity shares of ₹10.00 each and 50,000 Redeemable Preference Shares of ₹100.00 each to ₹10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹10.00 each.	July 9, 2018	EGM
Increase in Authorised Capital from ₹10,00,00,000 consisting of 1,00,00,000 Equity shares of ₹10.00 each to ₹45,00,00,000 consisting of 4,50,00,000 Equity shares of ₹10.00 each.	July 9, 2018	EGM

### Major Events and Milestones

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

Financial Year	Event
1991-92	Incorporation of our Company.
1996-97	Change of name of our Company from Heranba Industrial Chemicals Private Limited to Heranba Industrial Chemicals Limited.
1996-97	Conversion of our Company from Private Limited to Public Limited.
1999-2000	Rashtriya Udyog Ratan Award from India International council for Industries & Trade- New Delhi
2003-04	Achieved Turnover of ₹ 50.00 Crores
2005-06	Achieved Turnover of ₹ 100.00 Crores Received Second Award in 2005-06 from Chemexcil of Basic Inorganic & Organic chemicals for the outstanding export performance.
2014-15	Achieved Turnover of ₹ 500.00 Crores
2017-18	Overseas Market Expansion Award from CAC Organising Committee 2018
2017-2018	Appreciation Award from Pest management professionals welfare association, Mumbai – for following safety measures in factory in PEST MEET 2018.

### Revaluation of Assets

Currently there are no revaluation reserves in our Company. Revaluation Reserve was created by our Company in the Fiscal 2009-10 by revaluation of Fixed Assets (Land) to the tune of ₹6,02,67,942/-. However as per IND AS adjustment the same has been reversed during FY 2016, the first year from which IND AS have been adopted for the purpose of restatement. No amounts in the said Revaluation Reserve account had been utilised by our Company for issuance of equity shares or for any other purpose.

### Capital raising activities through equity or debt

For details regarding our capital raising activities through equity and debt, refer “*Capital Structure*” and “*Financial Indebtedness*” on pages 60 and 249 respectively.

### Injunctions or restraining order against our Company

There are no injunctions or restraining orders against our Company.

### 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 profit and loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

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

- (i) Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions;
- (ii) The tenure of repayment of any loan availed by our Company from banks or financial institutions has not been rescheduled; and
- (iii) No loan availed by our Company has been converted into Equity Shares. For details of our financing arrangements, refer “*Financial Indebtedness*” on page 249.

**Lock outs and strikes**

Our Company has not experienced any strikes, lock-outs or instances of labour unrest at any of the manufacturing units of our Company.

**Time and cost overruns**

There have been no significant time and cost overruns in the development or construction of any of our projects or establishments.

**Details regarding acquisition of business/undertakings, mergers, amalgamations**

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

**Holding Company of our Company**

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

**Subsidiary of our Company**

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

**Collaboration Agreements**

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

**Shareholders’ Agreements**

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

**Material Agreements**

Our Company has not entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by us or contract entered into more than two years before the filing of the Draft Red Herring Prospectus.

**Strategic and Financial Partners**

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

**Number of Shareholders**

Our Company has 14 (Fourteen) shareholders on date of the Draft Red Herring Prospectus.

**Guarantees, if any, issued by promoters offering their equity shares in terms of the offer for sale**

We have obtained loans in the ordinary course of business for the purposes of working capital and other business requirements from Corporation Bank and Syndicate Bank. Our Promoters, Sadashiv K. Shetty, Raghuram K. Shetty and our Executive Directors Sujata S. Shetty and Vanita R. Shetty have given personal guarantees in relation to certain of our loans. For details, see “Financial Indebtedness” on page 249.



## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association, we are required to have not less than 3 (three) directors and not more than 15 (fifteen) directors, subject to the applicable provisions of the Companies Act, 2013. We currently have 10 (Ten) Directors on our Board.

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

Name, Designation, Occupation, Term, DIN and Nationality	Age (years)	Address	Other Directorships
<b>Name:</b> Sadashiv K. Shetty  <b>Designation:</b> Chairman and Managing Director  <b>Occupation:</b> Business  <b>Term:</b> 5 years with effect from June 1, 2018  <b>DIN:</b> 00038681  <b>Nationality:</b> Indian	64	18/A, Tower "D", Viceroy Park, Opp. Thakur Cinema Thakur Village, Kandivali (East) Mumbai 400 101, Maharashtra, India.	<i>Companies</i> <ul style="list-style-type: none"> <li>Heranba Crop Care Limited</li> <li>Insunt Trading Private Limited</li> <li>Alden Exim Private Limited (under process of voluntary strike-off)</li> </ul>
<b>Name:</b> Raghuram K. Shetty  <b>Designation:</b> Whole-time Director  <b>Occupation:</b> Business  <b>Term:</b> 5 years with effect from June 1, 2018  <b>DIN:</b> 00038703  <b>Nationality:</b> Indian	59	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Eksar village Borivali (West) Mumbai 400 013, Maharashtra, India.	<i>Companies</i> <ul style="list-style-type: none"> <li>North South Infra Private Limited</li> <li>Heranba Crop Care Limited</li> </ul>
<b>Name:</b> Sujata S. Shetty  <b>Designation:</b> Executive Director  <b>Occupation:</b> Business  <b>Term:</b> Appointed on September 24, 2018, liable to retire by rotation  <b>DIN:</b> 00632563  <b>Nationality:</b> Indian	58	18/A, Tower "D", Viceroy Park, Opp. Thakur Cinema Thakur Village, Kandivali (East) Mumbai 400 101, Maharashtra, India	<i>Companies</i> <ul style="list-style-type: none"> <li>Heranba Crop Care Limited</li> </ul>
<b>Name:</b> Vanita R. Shetty	51	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Eksar village	<i>Companies</i> <ul style="list-style-type: none"> <li>Heranba Crop Care Limited</li> </ul>

Name, Designation, Occupation, Term, DIN and Nationality	Age (years)	Address	Other Directorships
<b>Designation:</b> Executive Director  <b>Occupation:</b> Business  <b>Term:</b> Appointed on September 24, 2018, liable to retire by rotation  <b>DIN:</b> 02493401  <b>Nationality:</b> Indian		Borivali (West) Mumbai 400 013, Maharashtra, India.	
<b>Name:</b> Raunak R. Shetty  <b>Designation:</b> Director  <b>Occupation:</b> Business  <b>Term:</b> Appointed on December 4, 2017, liable to retire by rotation  <b>DIN:</b> 08006529  <b>Nationality:</b> Indian	26	1601/B, Shantivan, Devidas Lane, Near Club Aquria, Eksar village Borivali (West) Mumbai 400 013, Maharashtra, India.	<i>Companies</i> <ul style="list-style-type: none"> <li>Heranba Agro Science Limited</li> <li>Sams Industries Limited</li> </ul>
<b>Name:</b> Kaushik Hasmukh Gandhi  <b>Designation:</b> Independent Director  <b>Occupation:</b> Professional  <b>Term:</b> Five years with effect from July 09, 2018  <b>DIN:</b> 01265059  <b>Nationality:</b> Indian	42	A/103 Shantinath Apartment S.V. Road, Near Simpoli Signal, Borivali West, Mumbai- 400092, Maharashtra, India	<i>Companies</i>  K D Management Service Private Limited
<b>Name:</b> Mulky Vishwanath Shetty  <b>Designation:</b> Independent Director  <b>Occupation:</b> Business  <b>Term:</b> Five years with effect from July 09, 2018  <b>DIN:</b> 08168960  <b>Nationality:</b> Indian	65	B/703 Shree Sai Sneha Complex Ramdev Park Road, Near Shiv Temple, Mira Road Thane - 401107, Maharashtra, India	<i>Companies</i>  Nil
<b>Name:</b> Anil Kumar M. Marlecha  <b>Designation:</b> Independent Director	33	201 Aarlin CHS, Station Road, Near Rajesh Hotel, Bhayander West, Thane - 401101	<i>Companies</i>  Nil

<b>Name, Designation, Occupation, Term, DIN and Nationality</b>	<b>Age (years)</b>	<b>Address</b>	<b>Other Directorships</b>
<b>Occupation:</b> Advocate  <b>Term:</b> Five years with effect from August 31, 2018  <b>DIN:</b> 08193193  <b>Nationality:</b> Indian		Maharashtra, India	
<b>Name:</b> Vanmali G. Narayan  <b>Designation:</b> Independent Director  <b>Occupation:</b> Retired Banker  <b>Term:</b> Five years with effect from August 31, 2018  <b>DIN:</b> 07833853  <b>Nationality:</b> Indian	62	Flat No. 17, The Versova Sandeep CHS, Juhu-Versova Link Road, Andheri West, Mumbai - 400 053, Maharashtra, India	<i>Companies</i> <ul style="list-style-type: none"> <li>• Kaarya Facilities and Services Limited</li> </ul>
<b>Name:</b> Nimesh Sahadeo Singh  <b>Designation:</b> Independent Director  <b>Occupation:</b> Professional  <b>Term:</b> Five years with effect from August 31, 2018  <b>DIN:</b> 00062998  <b>Nationality:</b> Indian	41	C/507, Upvan Tower CHS Ltd., Upper Govind Nagar, Malad (East), Mumbai- 400097	<i>Companies</i> <ul style="list-style-type: none"> <li>• Fast Solutions (India) Private Limited</li> <li>• Capvital Advisors Private Limited</li> <li>• 3S Universal Services Private Limited</li> </ul>

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

**Sadashiv K. Shetty**, aged 64 years, is a Promoter and Managing Director of our Company. He is a resident Indian national. He holds a Master's Degree in Science (Chemistry) from University of Mysore. He also holds a Bachelor's Degree in Science (Physics & Chemistry) from University of Mysore. He has experience of about 24 years in Agrochemicals Industry. He has been on our Board since September 29, 1994. He has been and is responsible for the overall supervision, direction and management of our Company. He is fully involved in day to day affairs of our Company and future business strategies. He has been instrumental in new products development and addition of capacities. He has been appointed as the Chairman and Managing Director of our Company on and with effect from June 1, 2018.

**Raghuram K. Shetty**, aged 59 years, is a Promoter and Whole-time Director of our Company. He is a resident Indian national. Further, he has pursued Government Commercial Diploma from the Department of Education, Bureau of Government Examinations, Maharashtra State. He also holds a Diploma in Export and Import Management from the India International Trade Centre, Mumbai. He has experience of over 2 decades in Agrochemicals Industry. He has

been on our Board since September 29, 1994 and have been instrumental in developing exports business of our Company. He has been appointed as a Whole-time Director of our Company on and with effect from June 1, 2018.

**Sujata S. Shetty**, aged 58 years, is an Executive Director of our Company. She holds a Bachelor's Degree in Commerce from Bombay University. She has experience in human resource department of our Company. She has been on our Board of Directors since December 27, 2001. She has been appointed as a Whole-time Director of our Company with effect from September 24, 2018.

**Vanita R. Shetty**, aged 51 years, is an Executive Director of our Company. She holds a Bachelor's degree in Science (Botany) from University of Poona. She has experience of about 17 years in Agrochemicals Industry. She has been on our Board of Directors since December 27, 2001. She has been reappointed as a Whole-time Director of our Company with effect from September 24, 2018.

**Raunak R. Shetty**, aged 26 years, is a Director of our Company. He holds a Bachelor's degree in commerce from University of Mumbai. He is a Chartered Accountant by profession. He is having an experience of over 1 year in finance. He is associated with our Company since December 4, 2017.

**Kaushik H. Gandhi**, aged 42 years, is an Independent Director of our Company. He holds a bachelors degree in commerce from University of Bombay and is an Associate member of Institute of Chartered Accountants of India. He is a practicing Chartered Accountant by profession since 2013. He is having over a decade experience in audit, project finance, taxation, consultancy, secretarial works and accounting. He is associated with our Company since July 9, 2018.

**Mulky Vishwanath Shetty**, aged 65 years, is an Independent Director of our Company. He holds a bachelors degree in science from University of Mysore. He is having over a two decades of experience in chemical industry in different fields such as R&D, projects, manufacturing and operations. audit, project finance, taxation, consultancy, secretarial works and accounting. He is associated with our Company since July 9, 2018.

**Anil Kumar M. Marlecha**, aged 33 years, is an Independent Director of our Company. He holds a bachelors degree in commerce from University of Mumbai. He has also completed his bachelors of law from University of Mumbai. He has received certificate of Practice from Bar Council of India. He is having over four years of experience in law practice. He is associated with our Company since August 31, 2018.

**Vanmali G. Narayan**, aged 62 years, is an Independent Director of our Company. He holds a bachelors degree in commerce from University of Bombay. He has also completed his bachelors of law from University of Bombay and CAIIB from Indian Institute of Banking and Finance. He is having over 35 years of experience in banking and has been associated with Bank of Maharashtra, he retired in May 2016. He is associated with our Company since August 31, 2018.

**Nimesh Sahadeo Singh**, aged 41 years, is an Independent Director of our Company. He holds a bachelors degree in commerce from University of Mumbai. He is having over 10 years of experience in accounting and financial advisory. He is associated with our Company since August 31, 2018.

**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 or are on the RBI List of wilful defaulters.
- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Red Herring 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 recognised stock exchange in India 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.

#### Relationship between our Directors

None of our directors are related to each other, except for the ones mentioned below:

Sr. No.	Name of the Director	Related To	Nature of Relationship
1.	Sadashiv K. Shetty	Raghuram K. Shetty	Brother
2.	Sadashiv K. Shetty	Sujata S. Shetty	Spouse
3.	Sadashiv K. Shetty	Vanita R. Shetty	Brother-in-law
4.	Raghuram K. Shetty	Vanita R. Shetty	Spouse
5.	Raghuram K. Shetty	Sujata S. Shetty	Brother-in-law
6.	Sujata S. Shetty	Vanita R. Shetty	Sister-in-law
7.	Raunak R. Shetty	Raghuram K. Shetty & Vanita R. Shetty	Son

#### Compensation / Remuneration / Commission paid to our Executive Directors

Set forth below is the gross remuneration paid by our Company to our Executive Directors in Financial Year 2017-18:

Sr. No.	Name of Director	Remuneration paid (₹ in Lakhs)
1.	Sadashiv K. Shetty	117.77
2.	Raghuram K. Shetty	114.55
3.	Sujata S. Shetty	13.22
4.	Vanita R. Shetty	13.22
5.	Raunak R. Shetty	9.10

#### Terms of employment of our Managing Director

**Sadashiv K. Shetty** has been appointed as the Chairman & Managing Director of our Company with effect from June 1, 2018 *vide* Board resolution dated May 25, 2018 and Shareholders resolution dated June 4, 2018 for a period of five years. Further our Company has also entered into agreement dated June 18, 2018 with Chairman & Managing Director, Sadashiv K. Shetty to determine the terms and conditions of his appointment. The significant terms of his employment are as under:

<b>Salary</b>	₹1,07,52,000 per annum
<b>Bonus</b>	₹ 8,96,000 per annum
<b>Contribution to PF</b>	₹21,600 per annum
<b>Gross Salary</b>	₹1,16,69,600 per annum
<b>Other Terms</b>	1) Mr. Sadashiv K Shetty (hereinafter called “Managing Director”) shall hold the office

	<p>of Managing Director of our Company for a period of five years with effect from 1<sup>st</sup> June 2018 upon the terms and conditions hereinafter contained unless he resigns from office as Managing Director by giving to the Company notice in writing.</p> <p>2) The Managing Director shall act under the supervision and direction of the Board of Directors. Save as aforesaid, the Managing Director is vested with the governance and control of the Company and is hereby authorized to exercises all the powers of management of the Company and its business and further save and except such powers as are required by any law for the time being in force to be exercised by the Company in General Meeting or by the Board of Directors and he shall exercise all such powers and execute and do all such acts deeds and things as the Company is by its Memorandum and Articles of Association authorized to exercise execute and do.</p> <p>3) Without prejudice to the general powers conferred by Clause 2 above and other powers conferred by these presents, the Managing Director is also hereby authorized, subject to the provisions of Section 179 of the Companies Act 2013, to exercise the following powers on behalf of the Company:</p> <ul style="list-style-type: none"> <li>a) To manage and govern the business of the Company.</li> <li>b) To effect all purchases for and on behalf of the Company and to enter into all contracts and agreements for the purpose and to carry out and enforce the carrying out thereof including appointment of selling and purchasing agents.</li> <li>c) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.</li> <li>d) To sign all cheques and other negotiable instruments on behalf of the Company upon its bankers and to endorse and negotiate all cheques and other negotiable instrument on behalf of the Company and to otherwise operate upon all banking accounts of the Company whether current, cash credit, overdraft, loan account or otherwise, subject however always to such limitations as may be imposed by the Board of Directors from time to time.</li> <li>e) To institute conduct defend compound or abandon any legal or other proceedings by or against the Company or its employees or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and to refer any claims or demands by or against the Company and any difference between the Company and any other person to arbitration and observe and perform or enforce any awards made thereon.</li> <li>f) To appoint at his discretion and remove or suspend such officers clerks members of the staff of the Company workmen agents and servants either permanently or for a temporary period and as he may from time to time think fit and to determine and assign their salaries or other emoluments or remuneration.</li> <li>g) To do or take all such actions as are allowed under the Companies Act to a Managing Director of the Company including appointments of Advocates, Accountants, Consultants for and on behalf of the Company and fix and settle their remuneration / fees thereof.</li> </ul> <p>4) Provided that in all matters involving financial effects and in matters of policy, decisions will be taken in consultations with working Directors. In the event of any</p>
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	conflict of decision on any matter between the Managing Director and working Directors the same shall be referred to the Board of Directors for decisions.
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#### Terms of employment of our Whole-time Directors:

**Raghuram K. Shetty** has been appointed as the Whole-time Director of our Company with effect from June 1, 2018 *vide* Board resolution dated May 25, 2018 and Shareholders resolution dated June 4, 2018 for a period of five years. Further our Company has also entered into agreement dated June 18, 2018 with Whole-time Director, Raghuram K. Shetty to determine the terms and conditions of his appointment. The significant terms of his employment are as under:

<b>Salary</b>	₹1,04,40,000 per annum
<b>Bonus</b>	₹ 8,70,000 per annum
<b>Contribution to PF</b>	₹21,600 per annum
<b>Gross Salary</b>	₹1,13,31,600 per annum
<b>Other Terms</b>	<ol style="list-style-type: none"> <li>1) Mr. Raghuram K Shetty (hereinafter called “Whole-time Director”) shall hold the office of Whole-time Director of the Company for a period of five years with effect from 1st June 2018 upon the terms and conditions hereinafter contained unless he resigns from office as Whole-time Director by giving to the Company notice in writing.</li> <li>2) The Whole-time Director shall act under the supervision and direction of the Board of Directors. Save as aforesaid, the Whole-time Director is vested with the governance and control of the Company and is hereby authorized to exercises all the powers of management of the Company and its business and further save and except such powers as are required by any law for the time being in force to be exercised by the Company in General Meeting or by the Board of Directors and he shall exercise all such powers and execute and do all such acts deeds and things as the Company is by its Memorandum and Articles of Association authorized to exercise execute and do.</li> <li>3) Without prejudice to the general powers conferred by Clause 2 above and other powers conferred by these presents, the Whole-time Director is also hereby authorized, subject to the provisions of Section 179 of the Companies Act 2013, to exercise the following powers on behalf of the Company: <ol style="list-style-type: none"> <li>a) To manage and govern the business of the Company.</li> <li>b) To effect all purchases for and on behalf of the Company and to enter into all contracts and agreements for the purpose and to carry out and enforce the carrying out thereof including appointment of selling and purchasing agents.</li> <li>c) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.</li> <li>d) To sign all cheques and other negotiable instruments on behalf of the Company upon its bankers and to endorse and negotiate all cheques and other negotiable instrument on behalf of the Company and to otherwise operate upon all banking accounts of the Company whether current, cash credit, overdraft, loan account or otherwise, subject however always to such limitations as may be imposed by the Board of Directors from time to time.</li> <li>e) To institute conduct defend compound or abandon any legal or other</li> </ol> </li> </ol>

	<p>proceedings by or against the Company or its employees or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and to refer any claims or demands by or against the Company and any difference between the Company and any other person to arbitration and observe and perform or enforce any awards made thereon.</p> <p>f) To appoint at his discretion and remove or suspend such officers clerks members of the staff of the Company workmen agents and servants either permanently or for a temporary period and as he may from time to time think fit and to determine and assign their salaries or other emoluments or remuneration.</p> <p>g) To do or take all such actions as are allowed under the Companies Act to a Whole-time Director of the Company including appointments of Advocates, Accountants, Consultants for and on behalf of the Company and fix and settle their remuneration / fees thereof.</p> <p>4) Provided that in all matters involving financial effects and in matters of policy, decisions will be taken in consultations with working Directors. In the event of any conflict of decision on any matter between the Whole-time Director and working Directors the same shall be referred to the Board of Directors for decisions.</p>
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**Sujata S. Shetty** has been appointed as an Executive Director of our Company with effect from Septmebr 24, 2018 vide Board resolution dated September 24, 2018. The significant terms of her employment are as under:

<b>Salary</b>	₹13.22 Lakhs per annum, with a suitable increase as may be decided or approved from time to time by the Nomination and Remuneration Committee and/or Board of Directors of the Company.
<b>Perquisites</b>	Nil
<b>Commission</b>	Nil
<b>Term</b>	Nil
<b>Remuneration in the event of loss or inadequacy of profits</b>	Nil

**Vanita R. Shetty** has been appointed as an Executive Director of our Company with effect from Septmebr 24, 2018 vide Board resolution dated September 24, 2018. The significant terms of her employment are as under:

<b>Salary</b>	₹13.22 Lakhs per annum, with a suitable increase as may be decided or approved from time to time by the Nomination and Remuneration Committee and/or Board of Directors of the Company.
<b>Perquisites</b>	Nil
<b>Commission</b>	Nil
<b>Term</b>	Nil
<b>Remuneration in the event of loss or inadequacy of profits</b>	Nil

#### Remuneration details of our Non-Executive and Independent Directors

Pursuant to a resolution of our Board of Directors dated August 31, 2018 our Non-Executive and Independent Directors are entitled to receive sitting fees of ₹5,000 for attending each of the meeting of our Board of Directors and ₹3,000 for attending each of the meeting of the committees of our Board of Directors. During the Fiscal year 2017-18,



our Independent Directors were not paid any sitting fees as all our Independent Directors have been appointed in Fiscal year 2018-19.

### **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 extra-ordinary general meeting held on July 9, 2018 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 our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) exceed the paid up capital and free reserves of our Company provided such amount does not exceed ₹1000 Crores/- (Rupees One Thousand Crores Only) 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 SEBI (LODR) Regulations with respect to corporate governance will also be applicable to our Company immediately upon the listing of our Equity Shares. Our Company is 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 Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealing with our shareholders, emphasis on communication and transparent reporting. 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 ten Directors (including two women Directors) of which five are 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:

#### **1. *Audit Committee***

Our Audit Committee was re-constituted pursuant to a resolution of our Board of Directors dated August 31, 2018.

<b>Name of Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Kaushik Hasmukh Gandhi	Chairman	Independent Director
Mulky Vishwanath Shetty	Member	Independent Director
Vanmali Ganesh Narayan	Member	Independent Director

The Company Secretary of our 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:

- (a) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;
- (c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;
- (d) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (e) Reviewing the financial statements with respect to its unlisted Subsidiary(ies), in particular investments made by such Subsidiary(ies);
- (f) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - o 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;
  - o Changes, if any, in accounting policies and practices and reasons for the same;
  - o accounting entries involving estimates based on the exercise of judgment by management;
  - o Significant adjustments made in the financial statements arising out of audit findings;
  - o Compliance with listing and other legal requirements relating to financial statements;
  - o Disclosure of any related party transactions; and
  - o Modified opinion(s) in the draft audit report.
- (g) Reviewing, the quarterly financial statements with the management before submission to the Board for approval;
- (h) 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;
- (i) Approval or any subsequent modification of transactions of our Company with related parties;
- (j) Scrutiny of inter-corporate loans and investments;
- (k) Valuation of undertakings or assets of our Company, wherever it is necessary;
- (l) Evaluation of internal financial controls and risk management systems;
- (m) Monitoring the end use of funds raised through public offers and related matters;
- (n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (o) 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;
- (p) Discussion with internal auditors of any significant findings and follow up thereon;
- (q) 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;
- (r) Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (s) 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;
- (t) To establish and review the functioning of the whistle blower mechanism;
- (u) Establishing and overseeing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- (v) Approval of appointment of the chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (w) Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority; and

- (x) Review of (1) management discussion and analysis of financial condition and results of operations; (2) statement of significant related party transactions (as defined by the audit committee), submitted by management; (3) management letters / letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

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.

## 2. *Stakeholders' Relationship Committee*

The below mentioned Stakeholders' Relationship Committee was constituted pursuant to resolution of our Board of Directors dated August 31, 2018. The Stakeholders' Relationship Committee comprises:

Name of Director	Status in Committee	Nature of Directorship
Anil Kumar M. Marlecha	Chairman	Independent Director
Raghuram K. Shetty	Member	Whole-time Director
Vanmali Ganesh Narayan	Member	Independent Director

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

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

- consider and resolve the grievance of security holders of the Company;
- such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable from time to time to the Company.

## 3. *Nomination and Remuneration Committee*

The below mentioned Nomination and Remuneration Committee constituted pursuant to a resolution of our Board of Directors dated August 31, 2018.

Name of Director	Status in Committee	Nature of Directorship
Kaushik Hasmukh Gandhi	Chair-person	Independent Director
Mulky Vishwanath Shetty	Member	Independent Director
Anil Kumar M. Marlecha	Member	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 Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI (LODR) Regulations. Set forth below are the terms of reference of our Nomination and Remuneration Committee.

- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and

- other employees;
- (c) while formulating the policy under (b) above, ensure that
- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- (d) such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable from time to time to the Company.

#### 4. Corporate Social Responsibility Committee

The below mentioned Corporate Social Responsibility Committee was constituted, as per Section 135 of Companies Act, 2013 pursuant to a resolution of our Board dated August 31, 2018.

Name of Director	Status in Committee	Nature of Directorship
Mulky Vishwanath Shetty	Chairman	Independent Director
Kaushik Hasmukh Gandhi	Member	Independent Director
Sadashiv K. Shetty	Member	Chairman and Managing Director

The Company Secretary of the Company shall act as the Secretary of the Corporate Social Responsibility Committee.

Set forth below are the terms of reference of the Corporate Social Responsibility Committee.

- (a) formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken either by the Company or through implementing agency as specified in Schedule VII to the Companies Act, 2013 as amended from time to time;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- (c) monitor the Corporate Social Responsibility (CSR) Policy of the Company from time to time; and
- (d) such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable from time to time to the Company.

#### Shareholding of Directors in our Company

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

Name of Director	Number of Equity Shares Held (Pre-Issue)	% of pre-Issue paid-up equity share capital
Sadashiv K. Shetty	1,56,91,660	40.18%
Raghuram K. Shetty	1,14,82,120	29.40%
Sujata S. Shetty	32,30,400	8.27%
Vanita R. Shetty	20,18,000	5.17%
Raunak R Shetty	6,36,250	1.63%

#### Interest of our Directors

Our Managing Director, Whole-time Director and Executive 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 refer “-Terms and conditions of employment of our Managing Director and Whole-time Director and Executive Directors” above. Further, all our Non-executive and Independent Directors may be interested to the extent of fees 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 Managing Director Sadashiv K. Shetty and Whole-time Director Raghuram K. Shetty, may be interested to the extent our Company is promoted by them. For details, refer “History and Certain Other Corporate Matters” on page 132.

None of our Directors have any interest in any property acquired by our Company within two years of the date of the Draft Red Herring 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, refer “Financial Statements” on page 168.

As on the date of the Draft Red Herring Prospectus, our Managing Director, Sadashiv K. Shetty and our Whole-time Director, Raghuram K. Shetty, Executive Directors, Sujata S. Shetty, Vanita R. Shetty and Raunak R. Shetty may be interested to the extent of giving personal guarantees as security in relation to certain loans availed by our Company. For further details, refer “Financial Statements” and “Financial Indebtedness” on pages 168 and 249 respectively.

Other than as stated above and except as stated in the chapters “Financial Statements” and in “Our Promoters and Promoter Group” on pages 168 and 154 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 below and elsewhere in the Draft Red Herring Prospectus, none of the relatives of our Directors currently hold any office or place of profit in our Company:

Name	Nature of relationship	Office or place of profit	Compensation / Remuneration during FY 2018 (₹ in Lakhs)
Shriraj S. Shetty	Son of Sadashiv K. Shetty	Remuneration	9.10
Shreya Shetty	Daughter of Sadashiv K. Shetty	Consultancy Charges	18.00

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

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

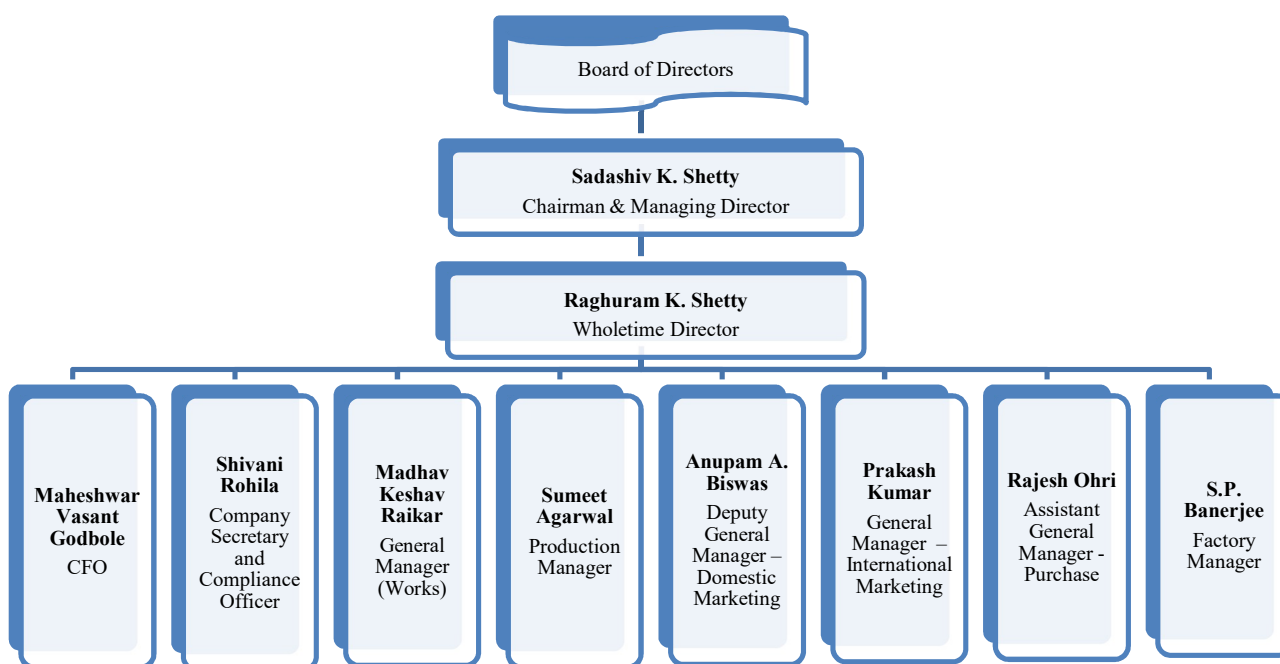
#### **Changes in our Board during the Last Three Years**

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

Name of Director	Date of appointment	Date of cessation	Reason
Meghraj Doddanna Shetty	December 4, 2017	September 24,	Resigned as a Director

Name of Director	Date of appointment	Date of cessation	Reason
		2018	
Roshan Raghuram K. Shetty	December 4, 2017	September 24, 2018	Resigned as a Director
Raunak Raghuram K. Shetty	December 4, 2017		Appointment
Sadashiv Shetty	May 25, 2018	-	Appointed as Chairman & Managing Director
Raghuram K. Shetty	May 25, 2018	-	Appointed as a Whole-time Director
Sujata S. Shetty	September 24, 2018	-	Appointed as a Executive Director
Vanita R. Shetty	September 24, 2018	-	Appointed as a Executive Director
Kaushik Hasmukh Gandhi	July 09, 2018	-	Appointed as an Independent Director
Mulky Vishwanath Shetty	July 09, 2018	-	Appointed as an Independent Director
Anil Kumar M. Marlecha	August 31, 2018	-	Appointed as an Independent Director
Vanmali G. Narayan	August 31, 2018	-	Appointed as an Independent Director
Nimesh Sahadeo Singh	August 31, 2018	-	Appointed as an Independent Director

## ORGANIZATION STRUCTURE



## OUR KEY MANAGERIAL PERSONNEL

Set forth below are the details of our key managerial personnel in addition to our Managing Director, Whole-time Directors as on the date of the Draft Red Herring Prospectus. For details of our Managing Director and Whole-time Directors refer “*Our Management*” on page 137.

**Maheshwar V. Godbole**, aged 57 years, is the Chief Financial Officer of our Company. He is a Chartered Accountant (an Associate member of the Institute of Chartered Accountants of India). He has experience of about 20 years in field of accounts, corporate finance and MIS. His responsibilities include to maintain the requirement of applicable Accounting and Auditing Standards of our Company, assisting the Company in implementing the best corporate governance practices, etc. He has been appointed as Chief Financial Officer (CFO) of our Company with effect from September 24, 2018. He is associated with our Company since November 2009 as General Manager – Accounts & Finance. In the Fiscal 2018 he received a total remuneration of ₹ 23.70 lakhs.

**Shivani Rohila**, aged 27 years, is the Company Secretary and Compliance Officer of our Company. She is a qualified Company Secretary and an associate member of the Institute of Company Secretaries of India. She holds a Bachelor’s Degree in Commerce from University of Rajasthan, Jaipur. She has over 1 year of professional experience in the field of secretarial matters, company law related matters and corporate compliances. She joined our Company on September 26, 2018. She is currently responsible for the secretarial and legal compliances and matters related thereto of our Company. In the Fiscal 2018 she did not received any remuneration.

**Madhav Keshav Raikar**, aged 52 years, is the General Manager (Works) of our Company. He holds a Diploma in Chemical Engineering from Board of Technical Examinations, Maharashtra State. He has experience of about 30 years in field of chemicals and agrochemicals. He is responsible for controlling and managing the production under Unit 2. Prior to joining us he was working with with Sabero Organics Gujarat Limited. He has been associated with our Company since September 2010. In the Fiscal 2018 he received a total remuneration of ₹ 20.81 lakhs.

**Sumit Agarwal**, aged 49 years, is the Production Manager of our Company. He holds a masters degree in science from Rajasthan University. He has experience of about 8 years in field of agrochemicals. He is responsible for controlling and managing the production under Unit 1. He has been associated with our Company since January 2010. In the Fiscal 2018 he received a total remuneration of ₹ 15.01 lakhs.

**Anupam A. Biswas**, aged 51 years, is the Deputy General Manager– Domestic Marketing of our Company. He holds a Masters degree in science from University of Bombay. He has experience of about 15 years in field of business development and sales & marketing. His responsibilities include domestic sales and marketing of our products. Prior to joining us he was working with with Sulphur Mills Limited. He has been associated with our Company since December 1, 2016. In the Fiscal 2018 he received a total remuneration of ₹ 14.50 lakhs.

**Prakash Kumar**, aged 39 years, is the General Manager – International Marketing of our Company. He holds a Bachelors Degree in Commerce from Delhi University. He holds a Certificate in Planning and Industrial Entrepreneurship from The Indian Institute of Planning and Management. He holds a Diploma in Export Management from Indian Institute of Quality Management and Foreign Trade Development Centre. He also holds a Diploma in Multi-Modal Transportation (Containerisation) from Institute of Rail Transport, India. He has experience of over 12 years in field of exports and international marketing. His responsibilities include exports marketing, international marketing and client servicing. Prior to joining us he was working with with Vinergy International Private Limited. He has been associated with our Company since March 2010. In the Fiscal 2018 he received a total remuneration of ₹ 15.19 lakhs.

**Rajesh Ohri**, aged 53 years, is the Assistant General Manager -Purchase of our Company. He holds Bachelor degree in Engineering from Shivaji University, Kolhapur. He has experience of over 20 years in field of supply chain management and procurement of raw materials. His responsibilities include conceptualizing and implementation of procurement procedures and looking after the procurement department. He has been associated with our Company since June 2015. In the Fiscal 2018 he received a total remuneration of ₹ 20.50 lakhs.

**S.P. Banerjee**, aged 51 years, is the Factory Manager at Unit 3 of our Company. He holds Bachelor degree of Science from Ranchi University. He also holds a Diploma in Business Management from IIMM, Pune. He has experience of

over 20 years in field of agro formulations of insecticides, fungicides and herbicides. He has overall responsibilities to manage our Unit 3 and Unit 4. Prior to joining us he was working with Nagarjuna Agrichem Limited. He has been associated with our Company since December 2016. In the Fiscal 2018 he received a total remuneration of ₹ 14.97 lakhs.

#### **Shareholding of KMP**

Except as disclosed in “*Our Management – Shareholding of our Directors in our Company*” on page 148, none of our Key Management Personnel hold any Equity Shares in our Company.

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

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

#### **Nature of family relationship**

Except as disclosed in “*Our Management – Relationship between our Directors*” on page 141, none of our Key Management Personnel are related to each other.

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

As on the date of this Draft Red Herring 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 Red Herring Prospectus.

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

Except as disclosed above in relation to Sadashiv K. Shetty, Raghuram K. Shetty, Sujata S. Shetty, Vanita R. Shetty and Runak R. Shetty, the Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business and in the course of performance of their duties. For details, refer “*Our Management – Interests of Directors*” on page 148. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in our Company, if any. None of the Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration. There is no deferred or contingent compensation payable to any of our Key Management Personnel.

#### **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 Red Herring Prospectus.

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

Except as disclosed in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our Company’s employees including the Key Management Personnel within the two years preceding the date of filing of this Draft Red Herring Prospectus, except for the payment of remuneration or commission for services rendered as an officer of our Company.

#### **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, refer “*History and Certain Other Corporate Matters*” on page 132.

**Changes in our Company’s Key Managerial Personnel during the last three years.**

For changes in our Board in the last three years, including in relation to our Managing Director and Whole-time Directors, refer “– *Changes in our Board in the last three years*” on page [●]. The changes in other Key Management Personnel in the last three years are as follows:

<b>Name</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>Reason</b>
Maheshwar Vasant Godbole	September 24, 2018	--	Redesignated as CFO as Chief Financial Officer
Shivani Rohila	September 26, 2018	--	Appointment as Company Secretary and Compliance Officer
Anupam A. Biswas	December 1, 2016	--	Appointed as DGM – Domestic Marketing
S.P. Banerjee	December 1, 2016	--	Appointed as Factory Manager at Unit 3

## OUR PROMOTERS AND PROMOTER GROUP

Sadashiv K. Shetty and Raghuram K. Shetty are the Promoters of our Company. They currently hold 1,56,91,660 Equity Shares and 1,14,82,120 Equity Shares, respectively, equivalent to 40.18% and 29.40%, respectively of the pre-Offer, issued, subscribed and paid-up Equity Share Capital of our Company.

### Details of our Promoters:

	<p><b>Sadashiv K. Shetty</b>, aged 64 years, is a Promoter and Managing Director of our Company. He is a resident Indian national. He holds a Master's Degree in Science (Chemistry) from University of Mysore. He also holds a Bachelor's Degree in Science (Physics &amp; Chemistry) from University of Mysore. He has experience of about 24 years in Agrochemicals Industry. He has been on our Board since September 29, 1994. He has been and is responsible for the overall supervision, direction and management of our Company. He is fully involved in day to day affairs of our Company and future business strategies. He has been instrumental in new products development and addition of capacities. He has been appointed as the Chairman and Managing Director of our Company on and with effect from June 1, 2018.</p> <p>For a complete profile of Sadashiv K. Shetty, i.e., his educational qualifications, professional experience, other directorships etc. refer "<i>Our Management</i>" on page 137.</p> <p><b>Passport No:</b> Z1779856  <b>Aadhar No:</b> 937511907455  <b>Driving License:</b> N.A.  <b>Voters ID:</b> TGJ1107903  <b>Address:</b> 18/A, Tower "D", Viceroy Park, Opp. Thakur Cinema, Thakur Village, Kandivali (East) Mumbai – 400 101, Maharashtra, India.</p> <p>For details of other ventures of Sadashiv K. Shetty, refer "<i>Our Group Companies</i>" on page 158.</p>
	<p><b>Raghuram K. Shetty</b>, aged 59 years, is a Promoter and Whole-time Director of our Company. He is a resident Indian national. Further, he has pursued Government Commercial Diploma from the Department of Education, Bureau of Government Examinations, Maharashtra State. He also holds a Diploma in Export and Import Management from the India International Trade Centre, Mumbai. He has experience of over two decades in Agrochemicals Industry. He has been on our Board since September 29, 1994 and have been instrumental in developing exports business of our Company. He has been appointed as a Whole-time Director of our Company on and with effect from June 1, 2018.</p> <p>For a complete profile of Raghuram K. Shetty, i.e., his educational qualifications, professional experience, other directorships etc. refer "<i>Our Management</i>" on page 137.</p> <p><b>Passport No:</b> Z2472130  <b>Aadhar No:</b> 937203543699  <b>Driving License:</b> MH02 20100130712  <b>Voters ID:</b> YBB2130292  <b>Address:</b> 1601/B, Shantivan, Devidas Lane, Near Club Aquaria, Eksar Village, Borivali (West), Mumbai – 400 013, Maharashtra, India.</p> <p>For details of other ventures of Raghuram K. Shetty, refer "<i>Our Group Companies</i>" on page 158.</p>

We confirm that the PAN, bank account number and passport number of our Promoters will be submitted to BSE and NSE on whose Platform the Equity Shares are proposed to be listed at the time of filing this Draft Red Herring Prospectus.

### **Interest of our Promoters**

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; (ii) of their shareholding and the shareholding of their relatives in our Company and the dividend payable, if any and other distributions in respect of the Equity Shares held by them or their relatives; (iii) of being Managing Director, Whole-time Director and Key Management Personnel of our Company and the remuneration and reimbursement of expenses payable by our Company to each of them; (iv) that each of them have provided personal guarantees and mortgaged their personal properties for the loans availed by our Company; (v) of their relatives having been appointed to places of profit in our Company; and (vi) that our Company has undertaken transactions with them, or their relatives or entities in which any of our Promoters hold shares. For details regarding the shareholding of our Promoters in our Company, refer “*Capital Structure*”, “*Our Management*” and “*Related Party Transactions*” on pages 60, 137 and 166, respectively.

Our Promoters do not have any interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus or proposed to be acquired by it or in any transaction in acquisition of land and construction of building etc. Further, our Promoters do not have any interest in any supply of machinery to our Company.

Other than as disclosed in the section “*Related Party Transaction*” on page 166, there are no sales/purchases between our Company and our Promoters and Promoter Group and Group Companies where 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 and Group Entities as on the date of the last audited financial statements.

### **Group Entities**

For details of our group entities, refer “*Our Group Entities*” on page 158.

### **Payment or Benefit to Promoters**

Except as stated above in “*Interest of our Promoters*” and in “*Related Party Transaction*” on pages 155 and 166, respectively, 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 Red Herring Prospectus.

### **Litigation**

For details relating to legal proceedings involving our Promoters, refer “*Outstanding Litigation and Material Developments*” on page 253.

### **Other Confirmations**

Our Promoters and their relatives have not been declared as Wilful Defaulters and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in 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.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is debarred, prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or

any other regulatory or governmental authority.

Except as disclosed in “*Related Party Transactions*” on page 166, our Promoters are not related to any of the sundry debtors or beneficiaries of loans and advances of our Company.

Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

#### **Companies with which our Promoters have disassociated in the last three years**

Alden Exim Private Limited, for which the Company has applied for strike off with RoC.

Our Promoters have disassociated themselves from the directorships of following Companies in three years preceding the date of this Draft Red Herring Prospectus:

Disassociation of Sadashiv K. Shetty:

<b>Name of Company</b>	<b>Date of Resignation</b>	<b>Reason</b>
Heranba Agro Science Limited	January 24, 2018	Preoccupation
Sams Industries Limited	January 23, 2018	
Shakti Bio Science Limited	September 16, 2015	
Nirmit Mercantile Private Limited	June 1, 2017	
Dhairya Mercantile Private Limited	April 1, 2017	
Skywood Trading Private Limited	June 1, 2017	
Subhang Trading Private Limited	June 1, 2017	
Sanurag Trading Private Limited	June 17, 2017	

Disassociation of Raghuram K. Shetty:

<b>Name of Company</b>	<b>Date of Resignation</b>	<b>Reason</b>
Heranba Agro Science Limited	January 24, 2018	Preoccupation
Sams Industries Limited	January 23, 2018	

#### **OUR PROMOTER GROUP**

In addition to the Promoters named above, the following individuals and entities form part of the Promoter Group:

##### **A. Individuals forming part of Promoter Group:**

<b>Relationship</b>	<b>Sadashiv K. Shetty</b>	<b>Raghuram K. Shetty</b>
Father	Kanyana Shetty	Kanyana Shetty
Mother	Lelavati Kanyana Shetty	Lelavati Kanyana Shetty
Spouse	Sujata S. Shetty	Vanita R. Shetty
Brother	Raghuram K. Shetty, Chandrahas K. Shetty, Ravindranath K. Shetty, Divakar K. Shetty and Nityanand K. Shetty	Sadashiv K. Shetty, Chandrahas K. Shetty, Ravindranath K. Shetty, Divakar K. Shetty and Nityanand K. Shetty

Sister	Vijaya Laxmi Shetty	Vijaya Laxmi Shetty
Son	Shriraj Shetty	Raunak Shetty Roshan Shetty
Daughter in law	-	-
Daughter	Shreya Shetty	-
Spouse's Father	Krishna Shetty	Late Shambhu Shetty
Spouse's Mother	Sheela Shetty	Vasanti Shetty
Spouse's Brother	Prasad Shetty	Uday Shetty
Spouse's Sister	Sunita Hegde and Savita Shetty	Padmini Shetty

**B. Entities forming part of Promoter Group:**

*Companies*

1. SAMS Industries Limited
2. Heranba Agro Science Limited
3. Shakti Bio Science Limited
4. Heranba Crop Care Limited
5. Dhairya Mercantile Private Limited
6. Skywood Trading Private Limited
7. Subhang Trading Private Limited
8. Sanurag Trading Private Limited
9. North South Infra Private Limited
10. Nirmat Mercantile Private Limited
11. Insunt Trading Private Limited
12. Alden Exim Private Limited (*Under process of Voluntary Striking Off*)

*Partnership Firms*

1. Span Creators
2. Span Estate
3. Span Infratech
4. Annapurna Infratech
5. Infinity Creators
6. Annapurna Properties
7. Annapurna Housing
8. Annapurna Realtors

*H.U.F.*

- Sadashiv Kanyana Pakeera Shetty HUF
- Raghuram K Shetty (HUF)

*Proprietary concerns*

Nil

## OUR GROUP COMPANIES

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 AS 18 (as mentioned in our restated financial statements) and other companies as considered material by our Board. Pursuant to a resolution of our Board dated August 31, 2018 for the purpose of disclosure in offer documents for the Offer, a company shall be considered material and disclosed as a ‘Group Company’ if such companies is covered under the applicable accounting standards (i.e. AS 18 issued by the Institute of Chartered Accountants of India) and where (i) the company is a member of the Promoter Group and our Company has entered into one or more transactions with such company in the last audited financial year, cumulatively exceeds 10% of the total PAT of our Company for the last audited financial year; or (ii) an entity is covered under AS 18, as per the last audited and restated financial statements of the Company, and our Company has outstanding trade receivables and loans exceeding 5% of the net worth of the Company as of the last audited and restated consolidated financial statements and restated standalone financial statements, from such entity.

Based on above, our Board has identified following entities as our Group Companies. Set forth below are details of our Group Companies as on the date of this Draft Red Herring Prospectus.

### 1. SAMS Industries Limited (“SIL”)

#### Corporate Information

SAMS Industries Limited was incorporated on October 24, 1994 under the Companies Act, 1956. CIN of SIL is U24110MH1994PLC082301. The registered office of SIL is situated at 101/102, Kanchanganga, Factory Lane, Near M. K. High School, Borivali (West), Mumbai – 400 092, Maharashtra, India. SIL is currently not engaged in any business and is receiving dividend income only.

#### Capital Structure

As on the date of this Draft Red Herring Prospectus, the authorized share capital of SIL is ₹1,00,00,000/- (Rupees One Crore only) divided into 10,00,000 Equity Shares of ₹10/- each. The current issued, subscribed and paid-up share capital of SIL is ₹5,24,700/- (Rupees Five Lakh Twenty-four Thousand Seven Hundred only) divided into 52,470 Equity Shares of ₹10/- each.

#### Interest of our Promoters

Our Promoters, Sadashiv K. Shetty and Raghuram K. Shetty along with certain members of our Promoter Group holds entire 52,470 equity shares constituting 100.00% of the issued, subscribed and paid-up equity share capital of SIL. Following are the details of the shareholding of SIL as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of shares	% Shareholding
1.	Sadashiv K. Shetty	18,300	34.88
2.	Sujata S. Shetty	13,000	24.78
3.	Raghuram K. Shetty	12,100	23.06
4.	Vanita R. Shetty	8,770	16.71
5.	Shreya Shetty	100	0.19
6.	Sadashiv Kanyana Pakeera Shetty (HUF)	100	0.19
7.	Raghuram K Shetty (HUF)	100	0.19
	<b>Total</b>	<b>52,470</b>	<b>100.00</b>

#### Board of Directors

As on the date of this Draft Red Herring Prospectus, the Board of Directors of SIL consists of Roshan Shetty, Raunak

Shetty and Meghraj Shetty.

### Financial Information

Certain details of the audited financial results of SIL for financial years 2018, 2017 and 2016 are set forth below:

Particulars	(₹ in lakhs, except per share data) For the period ended March 31		
	2018	2017	2016
Share capital	5.25	5.25	5.25
Reserves and surplus (excluding revaluation reserves)	13.66	(3.46)	2.07
Total income	18.54	4.28	8.44
Profit/(Loss) after tax	17.12	(5.53)	(0.07)
Earnings per share (face value of ₹10 each) (Basic and Diluted)	32.63	(10.53)	(0.09)
Net asset value per share	36.04	3.41	13.95

### Significant Notes by Auditors

There are no qualifications or matters of emphasis by the auditors in relation to the aforementioned financial statements.

## 2. Heranba Agro Science Limited (“HASL”)

### Corporate Information

Heranba Agro Science Limited was incorporated on February 7, 2012 under the Companies Act, 1956. CIN of HASL is U24100GJ2012PLC068909. The registered office of HASL is situated at Plot No.1505, GIDC, Phase III, Vapi, Valsad - 396 195, Gujarat, India. HASL is currently not engaged in any business activity.

### Capital Structure

As on the date of this Draft Red Herring Prospectus, the authorized share capital of HASL is ₹50,00,000 (Rupees Fifty Lakh only) divided into 5,00,000 Equity Shares of ₹10/- each. The current issued, subscribed and paid-up share capital of HASL is ₹25,00,000 (Rupees Twenty Five Lakh only) divided into 2,50,000 Equity Shares of ₹10/- each.

### Interest of our Promoters

Our Promoters, Sadashiv K. Shetty and Raghuram K. Shetty along with certain members of our Promoter Group hold the entire 2,50,000 equity shares constituting 100.00% of the issued, subscribed and paid-up capital of HASL. Following are the details of the shareholding of HASL as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of shares	% Shareholding
1.	Sadashiv K. Shetty	70,000	28.00%
2.	Raghuram K. Shetty	62,000	24.80%
3.	Sujata S. Shetty	37,000	14.80%
4.	Vanita R. Shetty	22,000	8.80%
5.	Shreya Shetty	22,000	8.80%
6.	Raunak Shetty	22,000	8.80%
7.	Shriraj Shetty	15,000	6.00%
	<b>Total</b>	<b>2,50,000</b>	<b>100.00</b>

### Board of Directors

As on the date of this Draft Red Herring Prospectus, the Board of Directors of HASL consists of Roshan Shetty, Raunak Shetty and Meghraj Shetty.

*Financial Information*

Certain details of the audited financial results of HASL for financial years 2018, 2017 and 2016 are set forth below:

(₹ in lakhs, except per share data)

Particulars	For the period ended March 31		
	2018	2017	2016
Share capital	25.00	25.00	25.00
Reserves and surplus (excluding revaluation reserves)	(26.84)	(18.13)	(9.45)
Sales Income and other income	0.00	0.00	0.00
Profit/(Loss) after tax	(8.71)	(8.68)	(2.86)
Earnings per share (face value of ₹10 each) (Basic and Diluted)	(3.48)	(3.47)	(1.14)
Net asset value per share	(0.74)	2.75	6.22

*Significant Notes by Auditors*

There are no qualifications or matters of emphasis by the auditors in relation to the aforementioned financial statements.

### 3. Shakti Bio Science Limited (“SBSL”)

*Corporate Information*

Shakti Bio Science Limited was incorporated on January 31, 1995 under the Companies Act, 1956. CIN of SBSL is U24116GJ1995PLC024430. The registered office of SBSL is situated at Plot no. 411/1 LIC Sector, Silvassa Road, GIDC Vapi, Vapi – 396195, Gujarat, India. SBSL is engaged in chemical job work business.

*Capital Structure*

As on the date of this Draft Red Herring Prospectus, the authorized share capital of SBSL is ₹6,00,00,000 (Rupees Six Crore only) divided into 60,00,000 Equity Shares of each ₹10/-. The current issued, subscribed and paid-up share capital of SBSL is ₹5,61,53,800 (Rupees Five Crore Sixty-one Lakh Fifty-three Thousand Eight Hundred only) divided into 56,15,380 Equity Shares of ₹10/- each.

*Interest of our Promoters*

Our Promoter, Sadashiv K. Shetty along with certain of the members of our Promoter Group hold the entire 56,15,380 equity shares constituting 100.00% of the issued, subscribed and paid up capital of SBSL. Following are the details of the shareholding of SBSL as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of shares	% Shareholding
1.	Sadashiv K. Shetty	50,33,466	89.64%
2.	Sujata S. Shetty	4,75,214	8.46%
3.	Shreya Shetty	2,700	0.05%
4.	Jagdish Patel Jointly with Sadashiv K. Shetty	100	0.00%
5.	Crystal Shelter Private Limited	20,000	0.36%
6.	Pet Plastic Limited	10,000	0.18%
7.	Prominent Commodities Private Limited	30,000	0.53%
8.	SKM Engineering Private Limited	8,500	0.15%
9.	Terry Towel Industries Limited	35,000	0.62%
10.	Shriraj S. Shetty	200	0.00%
11.	Anup Salian	100	0.00%
12.	Nitin Belose	100	0.00%
	<b>Total</b>	<b>56,15,380</b>	<b>100.00%</b>



### Board of Directors

As on the date of this Draft Red Herring Prospectus, the Board of Directors of SBSL consists of Balvantbhai N. Donga, Yogesh C. Khedkar and Kalpesh B. Donga.

### Financial Information

Certain details of the audited financial results of SBSL for financial years 2018, 2017 and 2016 are set forth below:

Particulars	(₹ in lakhs, except per share data) For the period ended March 31		
	2018	2017	2016
Share capital	561.54	561.54	561.54
Reserves and surplus (excluding revaluation reserves)	(5157.73)	(4,870.07)	(2,989.96)
Total income	463.52	76.73	284.21
Profit/(Loss) after tax	(287.70)	(1,880.10)	(426.73)
Earnings per share (face value of ₹10 each) (Basic and Diluted)	(5.12)	(33.48)	(7.60)
Net asset value per share	(81.85)	(76.73)	(43.25)

### Significant Notes by Auditors

There are no qualifications or matters of emphasis by the auditors in relation to the aforementioned financial statements except as follows:

- As per Audit report of Financial Year 2017, M/s. Rahul Drolia & Associates, Chartered Accountants, have given Qualified Opinion on the following basis:
  - The Financial Statements of the Company have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high losses during the F.Y.2013-2014, F.Y.2014-2015, F.Y.2015-2016, F.Y. 2016-17 and also for the year ended 31<sup>st</sup> March 2018. The appropriateness of the said basis is inter alia dependent on the company's ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations.
  - The Company has submitted Consent terms to the Bank on 27.03.2018 for the settlement of the loan accounts. Post discussion both the parties agreed to settle both account and The Company will have to replay Rs. 36.79 crs. to the bank as per mutually agreed terms.
  - The Company has not made the Statutory payment on time to the respective Statutory Department. The amount of Interest and penalty cannot be quantified.
- As per Audit report of Financial Year 2017, M/s. Dalal Kala & Associates, Chartered Accountants, have given Qualified Opinion on the following basis:
  - "During the year the company has made Sales of ₹76,73,449/- & Purchase of ₹22,02,815/".
  - "The company has sent letters to customers, supplier, Loans & Advances (Assets), Loans & Advances (Liabilities) in respect of trade receivables, trade payable, Loans & Advances (Assets), Loans & Advances (Liabilities) for confirming balances outstanding as at March 31, 2017 but in most of the cases the customers, supplier, Loans & Advances (Assets), Loans & Advances (Liabilities) have not sent written confirmation confirming the balance outstanding as at March 31, 2017. In the absence of confirmation any provision to be made for adverse variation in the carrying amounts of trade receivables, trade payable Loans & Advances (Assets) Loans & Advances (Liabilities) is not quantified".

- c. “The Financial Statements of the Company have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high losses during the F.Y.2013-2014, F.Y.2014-2015, F.Y. 2015-2016 and also for the year ended 31st March 2017. The appropriateness of the said basis is inter alia dependent on the company’s ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations”.
  - d. “The Company has not provided for interest payable to Cosmos Co-op Bank Ltd from the F.Y.2015-2016. The Company has also not made any provisions for penal interest claimed by the bank. As a result, the loss for the year ended 31st March 2017 interest and penal interest cannot be quantified as the details have not been received from the bank”.
  - e. “The Company has not made the Statutory payment on time to the respective Statutory Department. The amount of Interest and penalty cannot be quantified as the company is not in possessions of necessary evidence for verifications”.
3. As per Audit report of Financial Year 2016, M/s. Ashish S Agarwal & Associates, Chartered Accountants, have given Qualified Opinion on the following basis:
- a. “During the year the company has made Sales of ₹2,84,21,590/- & Purchase of ₹1,44,35,370/-”.
  - b. “The company has sent letters to customers, supplier, Loans & Advances (Assets), Loans & Advances (Liabilities) in respect of trade receivables, trade payable, Loans & Advances (Assets), Loans & Advances (Liabilities) for confirming balances outstanding as at March 31, 2015, but in most of the cases the customers, supplier Loans & Advances (Assets)Loans & Advances (Liabilities) have not sent written confirmation confirming the balance outstanding as at March 31, 2016. In the absence of confirmation any provision to be made for adverse variation in the carrying amounts of trade receivables, trade payable Loans & Advances (Assets)Loans & Advances (Liabilities) is not quantified”.
  - c. “The Financial Statements of the Company have been prepared on a going concern, notwithstanding the fact that its net worth has fully eroded due to high losses during the F.Y.2013-2014, F.Y.2014-2015 and also for the year ended 31st March 2016. The appropriateness of the said basis is inter alia dependent on the company’s ability to infuse requisite funds for meeting its obligations, rescheduling of debt and resuming normal operations”.
  - d. “The Company has not provided for interest payable to Cosmos Co-op Bank Ltd. amounting to ₹7,44,94,402/- for the F.Y.2015-2016. The Company has also not made any provisions for penal interest claimed by the bank. As a result, the loss for the year ended 31st March 2016 is understated by ₹7,44,94,402/-. Further the amount of penal interest cannot be quantified as the details have not been received from the bank”.
  - e. “The Company has not made the Statutory payment on time to the respective Statutory Department. The amount of Interest and penalty cannot be quantified as the company is not in possessions of necessary evidence for verifications”.

### **Related Party Transactions and sales and purchases between our Company and Group Companies**

For details of related party transactions entered into by our Company, refer “*Related Party Transactions*” on page 166.

### **Common Pursuits**

Our Promoters and certain of our Group Companies are authorized to carry on similar lines of business as conducted by our Company, pursuant to the provisions of their respective constitutional documents. We have in the past entered and expect to continue to enter into transactions with certain related parties in the ordinary course of our business, including due to the industry and regulatory framework in which we operate. For details of related party transactions with our Promoters and Group Companies, refer “*Related Party Transactions*” on page 166. While we believe that all

our related party transactions have been conducted on arm's length basis, our Promoters and members of the Promoter Group have interests in other companies and entities, either as directors or otherwise, that may compete with us. For more information, refer "*Risk Factors*" on page 18, "*Our Management*" on page 137 and "*Financial Statements*" on page 168.

As a result, conflicts of interests may arise in allocating business opportunities amongst our Company and certain of our Group Companies in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other companies in which our Promoters have interest. We have not entered into any non-compete agreement with our Promoters and/or Group Companies. While, we shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise, we cannot assure you that our Promoters or our Group Companies 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.

### **Nature and Extent of Interest of Group Companies**

#### *Business interest of Group Entities in our Company*

None of our Group Companies have any business or other interest in our Company except for business conducted on an arms' length basis. For more information on business transactions with our Group Companies and their significance on our financial performance, refer "*Financial Statements*" on page 168.

#### *Sale or Purchase between our Company and our Promoter Group Companies*

Except as stated under "*Related Party Transactions*" on page 166, there are no sales or purchases between our Company and any Company in the Promoter Group and the Group Companies exceeding 10% of the sales or purchases of our Company.

#### *Interest in promotion of Our Company*

None of our Group Companies were interested in the promotion of our Company.

#### *Interest in the property of Our Company*

Our Group Companies 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 Red Herring Prospectus.

#### *Interest in the transaction involving acquisition of land*

Except as stated in the "*Related Party Transactions*" on page 166, none of our Group Companies were interested in any transaction with our Company involving acquisition of land and construction of building etc. Except as stated in the "*Related Party Transactions*" on page 166, our Group Companies do not have any interest in any supply of machinery to our Company.

### **Loss making Group Companies**

(₹ in lakhs)

Name of Group Company	Profit / (loss)		
	2018	2017	2016
SAMS Industries Limited	0.00	(5.53)	(0.47)
Heranba Agro Science Limited	(8.71)	(8.68)	(2.86)
Shakti Bio Science Limited	(287.70)	(1,880.10)	(426.73)

For details, refer "*Risk Factors – One of our Group Companies has incurred losses in the past, which may have an adverse effect on our reputation and business*" on page 31.

### **Litigation**

For details relating to legal proceedings involving our Group Companies, refer ‘*Outstanding Litigation and Material Developments*’ on page 253.

### Payment or Benefit to our Group Companies

Except as stated in the “*Related Party Transactions*” on page 166, there has been no payment of benefits to our Group Companies during the two years prior to the filing of this Draft Red Herring Prospectus.

### Other Confirmations

As on the date of this Draft Red Herring 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 other than an application that has been filed by Alden Exim Private Limited for striking off of its name; (vii) there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them (viii) have been refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad (ix) had negative net worth as of the date of their last audited financial statements except as mentioned below:

(₹ in Lakhs)

Shakti Bio Science Limited	For the period ended March 31		
	2018	2017	2016
Net Worth	(4,596.19)	(4,308.53)	(2,428.42)

## DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Other than as mentioned below, Our Company, our Promoters, Group Companies and/or our Directors, have not been declared as wilful defaulters by the RBI or any bank or financial institution or consortium thereof. Further, our Company, our Promoters, Group Companies and/or our Directors, have not been debarred from dealing in securities and/or accessing capital markets by SEBI or any other regulatory or governmental authority. 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.

One of our Group Company, Shakti Bio Science Limited was declared as “Wilful Defaulter” by The Cosmos Co-Op Bank Limited during March 2017. The Cosmos Co-operative Bank Limited (“Claimant”) has initiated an arbitration proceeding bearing Arbitration Reference No. ARB/COS/04/2016 before the Arbitral Tribunal constituted under Section 84(4) of Multi State Co-Op. Societies Act, 2002 (“Act”) against Shakti Bio Science Limited, Sadashiv Shetty, Sujata Shetty, Shreya Shetty, Pradeep Manek and Malti Manek (collectively the “Opponents”) under Section 84 of the Act read with section 23 of the Arbitration and Conciliation Act, 1996 seeking award for outstanding balance dues of ₹4,857.99 lakhs along with further interest at 16% p.a. till date of payment towards recovery of loan amounts and interest thereon for the various financial facilities extended by the Bank to Shakti Bio Science Limited. The parties have filed Consent Terms before the Arbitrator on April 19, 2018 whereby it has been agreed between the parties that (1) the Opponents shall pay ₹36.79 crores (together with interest @10% thereon from March 27, 2018) in thirteen instalments last being due on or before March 31, 2019; (2) the properties mortgaged and hypothecated as well as the personal guarantee of the directors and guarantors shall remain the same and will be released only after receipt of the entire agreed amount along with interest by the Claimant; (3) both the parties shall withdraw any litigation / suit / dispute / proceeding filed against each other as disputes are amicably settled. The matter is pending. However, currently the name of our Group Company is not appearing as wilful defaulter in the list for quarter ended March 31, 2018. For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 253 of this Draft Red Herring Prospectus.

## RELATED PARTY TRANSACTIONS

For details of related party transactions of our Company 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, refer “*Financial Statements – Annexure XXXIV – Restated Statement of Related Party Transaction*” on page 207 during FY 2018, 2017 and 2016 as per Restated IND (AS) financial statements.

For details of related party transactions of our Company 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, refer “*Financial Statements – Annexure XXIX –Statement of Related Party Transactions*” on page 228 during FY 2015 and 2014 as per Restated Indian GAAP financial statements.

## DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to our Company's results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also pay interim dividend. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing from, or may enter into, to finance our fund requirements for our business activities. For details, refer "*Financial Indebtedness*" on page 249. The dividends declared by our Company during the last five Fiscals have been presented below:

### Equity Shares

Particulars	For the year ended March, 31				
	2018	2017	2016	2015	2014
Equity Share Capital (₹ in Lakhs)	781.13	781.13	781.13	769.43	384.72
Face value of Equity Share (in ₹ per Equity Share)	10.00	10.00	10.00	10.00	10.00
Interim dividend on Equity Shares (₹ in lakh)	429.62	117.17	218.64	141.66	0.00
Final dividend on Equity Shares	--	78.11	0.00	35.41	96.18
Total dividend	429.62	195.28	218.64	177.07	96.18
Total dividend tax	87.47	39.76	44.52	35.53	16.35
Rate of dividend (%)	55.00	25.00	28.00	23.00	25.00
Total dividend (in ₹ per Equity Share)	5.50	2.50	2.80	2.30	2.50

### Preference Shares

Particulars	For the year ended March, 31				
	2018	2017	2016	2015	2014
Preference Share Capital (₹ in Lakhs)	25.12	25.12	25.12	25.12	25.12
Face value of Preference Share (in ₹ per Preference Share)	100.00	100.00	100.00	100.00	100.00
Final dividend on Preference Shares	3.01	3.01	3.01	3.01	3.01
Total dividend	3.01	3.01	3.01	3.01	3.01
Total dividend tax	0.61	0.61	0.61	0.61	0.51
Rate of dividend (%)	12.00	12.00	12.00	12.00	12.00
Total dividend (in ₹ per Preference Shares)	12.00	12.00	12.00	12.00	12.00

**SECTION V – FINANCIAL INFORMATION**  
**FINANCIAL STATEMENTS**

<b>Particulars</b>	<b>Page No.</b>
Auditors' Report on the restated summary statements of assets and liabilities as at March 31, 2018, 2017 & 2016, profits and losses, cash flows and changes in equity for each of the years ended March 31, 2018, 2017 and 2016 of Heranba Industries Limited	<b>169</b>
Auditors' Report on the restated summary statements of assets and liabilities as at March 31, 2015 & 2014, profits and losses, cash flows and changes in equity for each of the years ended March 31, 2015 and 2014 of Heranba Industries Limited	<b>209</b>



**Auditors' Report on the restated summary statements of assets and liabilities as at March 31, 2018, 2017 & 2016, profits and losses, cash flows and changes in equity for each of the years ended March 31, 2018, 2017 and 2016 of Heranba Industries Limited (collectively, the "Restated Ind AS Summary Statements")**

To  
**The Board of Directors**  
**Heranba Industries Limited**  
Plot No. 1504, 1505, 1506/1 GIDC, Phase – III,  
Vapi, Valsad- 396 195,  
Gujrat, India

Dear Sirs,

1. We have examined the attached Restated Ind AS Summary Statements of Heranba Industries Limited (the "Company") as at and for each of the years ended March 31, 2018, 2017 and 2016 annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed initial public offer ("IPO"). The Restated Ind AS Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:

- a. Sub-section (1) of Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act"); and
- b. relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

**Management's Responsibility for the Restated Ind AS Summary Statements**

2. The preparation of the Restated Ind AS Summary Statements, which are to be included in the Draft Red Herring Prospectus ("DRHP"), is the responsibility of the Management of the Company. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the ICDR Regulations.

**Auditors' Responsibilities**

3. We have examined such Restated Ind AS Summary Statements taking into consideration:

- a. the terms of reference and terms of our engagement agreed with you vide our engagement letter, in connection with the proposed IPO of the Company;
- b. the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

**Restated Ind AS Summary Statements as per audited Financial Statements:**

4. The Restated Ind AS Summary Statements have been compiled by the management of the Company from:

- a. the audited financial statements of the Company as at and for the year ended March 31, 2018, which were prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules 2015 read with Section 133 of the Act ("Ind AS") and which have been approved by the Board of Directors of the company; and

b. the audited financial statements of the Company as at and for the years ended March 31, 2017 and 2016 prepared in accordance with accounting principles generally accepted in India ("Indian GAAP") at the relevant time which have been approved by the Board of Directors at their meeting.

5. For the purpose of our examination, we have relied on:

a. Auditors' Report issued by us dated 31<sup>st</sup> July, 2018 on the Ind AS financial statements of the Company as at and for the year ended March 31, 2018 as referred in Para 5(a) above; and

b. Auditors' Report issued by M/s Anay Gogte & Co., Chartered Accountants on the financial statements of the Company and relied upon by us as at and for each of the years ended March 31, 2017 and 2016 respectively as referred in Para 4(b) above;

6. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, ICDR Regulations and the Guidance Note, we report that we have examined the following summarised financial statements of the Company contained in Restated Ind AS Summary Statements, which have been arrived after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure V – Notes to the Restated IND AS Summary Statements, read with paragraph 6(e) below:

a. The Restated Ind AS Summary Statement of Assets and Liabilities of the Company as at March 31, 2018, 2017 and 2016, as set out in Annexure I to this report;

b. The Restated Ind AS Summary Statement of Profit and Losses of the Company for each of the years ended March 31, 2018, 2017 and 2016 as set out in Annexure II to this report;

c. The Restated Ind AS Summary Statement of Cash Flows of the Company for each of the years ended March 31, 2018, 2017 and 2016 as set out in Annexure III to this report; and

d. The Restated Ind AS Statement of Changes in Equity of the Company for each of the years ended March 31, 2018, 2017 and 2016 as set out in Annexure XV to this report; and

e. Based on the above and according to the information and explanations given to us, we further report that the Restated IND AS Summary Statements of the Company, as attached to this report and as mentioned in paragraphs 6(a) to 6(d) above, read with basis of preparation and respective significant accounting policies given in Annexure IV have been prepared in accordance with the ICDR Regulations and these Restated IND AS Summary Statements:

i. do not require any adjustments for the changes in accounting policies, as the accounting policies as at and for the year ended March 31, 2018 are materially consistent with the policies adopted as at and for the years ended March 31, 2017 and 2016. Accordingly, no adjustments have been made to the audited financial statements of the respective years presented on account of changes in accounting policies;

ii. have been made after incorporating adjustments and regroupings for the material amounts in the respective financial year to which they relate;

iii. as per requirements of Ind AS, do not contain any extra-ordinary items that need to be disclosed separately in the Restated Ind AS Summary Statements;

iv. there are no qualifications in the auditors' reports on the audited financial statements of the Company as at March 31, 2018, 2017 and 2016 and for each of the years ended March 31, 2018, 2017 and 2016 which require any adjustments to the Restated Ind AS Summary Statements; and

7. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2018. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Company as of any date or for any period subsequent to March 31, 2018.

**Other Financial Information:**

8. At the Company's request, we have also examined the following restated Ind AS financial information proposed to be included in the DRHP, prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company as at and for the years ended March 31, 2018, 2017 and 2016:

1. Restated Ind AS Summary Statement of Assets and Liabilities, enclosed as Annexure I
2. Restated Ind AS Summary Statement of Profit and Losses, enclosed as Annexure II
3. Restated Ind AS Summary Statement of Cash Flows, enclosed as Annexure III
4. Restated Statement of Significant Accounting Policies, enclosed as Annexure IV
5. Notes to the Restated Ind AS Summary Statements, enclosed as Annexure V
6. Restated Statement of Property, plant and equipment, enclosed as Annexure VI;
7. Restated Statement of Investment, enclosed as Annexure VII;
8. Restated Statement of Other Financial Assets, enclosed as Annexure VIII;
9. Restated Statement of Current Tax Assets (net), enclosed as Annexure IX;
10. Restated Statement of Other Assets, enclosed as Annexure X;
11. Restated Statement of inventories, enclosed as Annexure XI;
12. Restated Statement of Trade Receivables, enclosed as Annexure XII;
13. Restated Statement of Cash and Cash Equivalents, enclosed as Annexure XIII;
14. Restated Statement of Share Capital, enclosed as Annexure XIV;
15. Restated Ind AS Statement of Changes in Equity, enclosed as Annexure XV;
16. Restated Statement of Other Equity, enclosed as Annexure XVI;
17. Restated Statement of Borrowings, enclosed as Annexure XVII;
18. Restated Statement of Other Financial Liabilities, enclosed as Annexure XVIII;
19. Restated Statement of Provisions, enclosed as Annexure XIX;
20. Restated Statement of Deferred Tax Balances (net), enclosed as Annexure XX;
21. Restated Statement of Trade Payable, enclosed as Annexure XXI;
22. Restated Statement of other liabilities, enclosed as Annexure XXII;
23. Restated Statement of Revenue from operations, enclosed as Annexure XXIII;
24. Restated Statement of Other Income, enclosed as Annexure XXIV;
25. Restated Statement of Cost of Material Consumed, enclosed as Annexure XXV;
26. Restated Statement of Changes in Inventories of Finished Goods and Work-in-Progress, enclosed as Annexure XXVI;
27. Restated Statement of Employee Benefits Expense, enclosed as Annexure XXVII;
28. Restated Statement of Finance Costs, enclosed as Annexure XXVIII;
29. Restated Summary of Depreciation and amortization expense, enclosed as Annexure XXIX;
30. Restated Statement of Other Expenses, enclosed as Annexure XXX;
31. Restated Statement of Accounting Ratios, enclosed as Annexure XXXI;
32. Restated Statement of Statement of Capitalization, enclosed as Annexure XXXII;
33. Restated Statement of Tax Shelter, enclosed as Annexure XXXIII;
34. Notes to the Restated Ind AS Summary Statements, enclosed as Annexure XXXIV;

9. According to the information and explanations given to us, in our opinion, the Restated Ind AS Summary Statements and the above mentioned restated Ind AS financial information contained in Annexures I to XXXIV accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure IV, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure V and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note.

10. According to information and explanation given to us in our opinion, the Proforma Ind AS Restated Summary Statements of the Company as at March 31, 2016 and for the year ended March 31, 2016 read with Summary of Significant Accounting Policies disclosed in Annexure IV, are prepared after making proforma adjustments as mentioned in of Annexure V and have been prepared in accordance with the ICDR Regulations and the Guidance Note.

11. This report should not be in any way construed as a reissuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. Our report is intended solely for use of the management for inclusion in the offer document to be filed with SEBI, National Stock Exchange of India Limited and BSE Limited in connection with the proposed IPO of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

**For N.S. Shetty & Co.**

**Chartered Accountants**

ICAI Firm Registration Number: 110101W

**Divakar Shetty**

**Partner**

Membership No: 100306

Place: Mumbai

Date: August 25, 2018

## Annexure – I

## Restated Ind AS Summary Statement of Assets and Liabilities

(₹ in Lakhs)

Particulars	Annexure	As at		
		March 31, 2018	March 31, 2017	March 31, 2016
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	VI	4,668.28	3,823.86	3,732.80
Capital work-in-progress		116.15	20.97	20.97
Investment property		0.00	0.00	0.00
Goodwill		0.00	0.00	0.00
Intangible assets		0.00	0.00	0.00
Financial assets				
(i) Investments	VII	2.29	3.51	3.56
(ii) Other Financial Assets	VIII	624.23	810.42	719.97
Current tax assets (Net)	IX	0.00	140.59	198.65
Deferred tax assets (Net)		0.00	0.00	0.00
Other non-current assets	X	2,234.52	820.94	625.51
<b>Total Non-Current Assets</b>		<b>7,645.48</b>	<b>5,620.29</b>	<b>5,301.45</b>
<b>Current Assets</b>				
Inventories	XI	9,399.78	9,835.70	7,806.52
Financial assets		0.00	0.00	0.00
(i) Trade Receivables	XII	20,308.25	12,411.87	14,412.21
(i) Cash and cash equivalents	XIII	1,177.65	1,031.94	1,090.06
(ii) Other financial assets	VIII	149.00	124.99	106.05
Other current assets	X	6,410.41	3,066.12	3,748.34
<b>Total Current Assets</b>		<b>37,445.09</b>	<b>26,470.62</b>	<b>27,163.18</b>
<b>Total Assets</b>		<b>45,090.57</b>	<b>32,090.91</b>	<b>32,464.63</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	XIV	781.13	781.13	781.13
Other equity	XVI	14,979.50	10,822.32	9,068.55
<b>Total Equity</b>		<b>15,760.63</b>	<b>11,603.45</b>	<b>9,849.68</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings	XVII	25.12	40.75	66.07
(ii) Other Financial Liabilities	XVIII	522.26	443.64	369.84
Provisions	XIX	18.06	32.48	0.00
Deferred Tax Liabilities	XX	375.02	282.87	187.76
<b>Total Non-Current Liabilities</b>		<b>940.45</b>	<b>799.75</b>	<b>623.67</b>
<b>Current Liabilities</b>				
Financial Liabilities				
(i) Borrowings	XVII	7,574.21	8,385.54	9,527.83
(ii) Trade payables	XXI	17,841.94	9,679.17	9,780.29
(iii) Other Financial Liabilities	XVIII	701.61	382.35	881.69
Current tax Liabilities (Net)		1,294.76	367.32	811.33
Other current liabilities	XXII	493.58	510.52	736.45

Provisions	XIX	483.38	362.81	253.68
<b>Total Current Liabilities</b>		<b>28,389.49</b>	<b>19,687.71</b>	<b>21,991.28</b>
<b>Total Liabilities</b>		<b>29,329.94</b>	<b>20,487.46</b>	<b>22,614.95</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,090.57</b>	<b>32,090.91</b>	<b>32,464.63</b>

The above statement to be read with, Statement of Significant Accounting Policies, enclosed as Annexure IV and Notes to the Restated IND AS Summary Statements, enclosed as Annexure V.

Annexure - II

**Restated Ind AS Summary Statement of Profit and loss Account**

(₹ in Lakhs)

	Particulars	Annexure	For the year ended		
			March 31, 2018	March 31, 2017	March 31, 2016
<b>I</b>	<b>Revenue</b>				
	Revenue from Operations	XXIII	74,509.50	60,781.60	53,674.62
	Other Income	XXIV	531.47	250.01	84.20
	<b>Total Revenue (I)</b>		<b>75,040.97</b>	<b>61,031.62</b>	<b>53,758.82</b>
<b>I</b>	<b>EXPENSES</b>				
	Cost of materials consumed	XXV	49,700.73	42,391.09	36,116.59
	Changes in Inventories of Finished Goods and Work-in-Progress	XXVI	674.30	-542.72	1,208.52
	Excise Duty on Finished Goods		384.56	2,558.72	2,275.82
	Employee Benefits Expense	XXVII	3,321.00	3,180.56	2,977.80
	Finance Costs	XXVIII	1,180.52	1,236.74	1,342.88
	Depreciation and Amortisation Expenses	XXIX	480.39	399.55	406.32
	Other Expenses	XXX	11,647.88	8,355.13	6,648.48
	<b>Total Expenses (II)</b>		<b>67,389.37</b>	<b>57,579.06</b>	<b>50,976.41</b>
<b>II</b>	<b>Profit Before Tax</b>		<b>7,651.60</b>	<b>3,452.56</b>	<b>2,782.41</b>
<b>IV</b>	<b>Tax Expense</b>				
	Current Tax		2,800.00	1,325.00	1,095.00
	Deferred tax (charge) / credit		92.14	95.11	-0.63
			<b>2,892.14</b>	<b>1,420.11</b>	<b>1,094.37</b>
<b>V</b>	<b>Profit for the Year</b>		<b>4,759.45</b>	<b>2,032.44</b>	<b>1,688.04</b>
<b>VI</b>	<b>OTHER COMPREHENSIVE INCOME</b>				
	Items that will not be reclassified to profit or loss		8.84	-135.79	0.00
	Remeasurement of the net defined benefit liability / asset		-	-	-
	<b>Total other Comprehensive Income</b>		<b>8.84</b>	<b>-135.79</b>	<b>0.00</b>
<b>VII</b>	<b>Total Comprehensive Income for the year</b>		<b>4,768.29</b>	<b>1,896.65</b>	<b>1,688.04</b>

The above statement to be read with, Statement of Significant Accounting Policies, enclosed as Annexure IV and Notes to the Restated IND AS Summary Statements, enclosed as Annexure V.

## Annexure - III

## Restated Ind AS Summary Statement of Cash Flows

(₹ in Lakhs)

Particulars		Year ended	Year ended	Year ended
		31.03.18	31.03.17	31.03.16
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
	Net Profit before taxation as per Statement of Profit and Loss	7,651.60	3,452.56	2,782.41
	<b>Adjustments for:</b>			
	Finance costs	1,180.52	1,236.74	1,342.88
	Depreciation and amortisation	480.39	399.55	406.32
	Dividend Income	-0.20	-0.19	-0.19
	(Profit) / Loss on sale of fixed assets (Net)	-0.99	-0.12	-
	Interest income	-147.55	-164.97	-110.01
	Remeasurement of the net defined benefit liability / asset	8.84	-135.79	-
	Fair Valuation of Investment	-0.04	-0.13	-0.01
	Provision for doubtful debts, advances and investment	50.69	377.53	114.15
	Bad Debts	1,022.91	593.18	-
	<b>Total</b>	<b>2,594.58</b>	<b>2,305.81</b>	<b>1,753.14</b>
	<i>Operating profit before working capital changes</i>	10,246.17	5,758.36	4,535.55
	<b>Add / (Less) :</b>			
	(Increase) / Decrease in inventories	435.92	-2,029.18	3,052.63
	(Increase) / Decrease in trade and other receivables	-12,367.05	1,682.21	-2,078.72
	Increase / (Decrease) in trade and other payables	8,611.63	-652.80	-2,770.44
	<b>Cash generated from operations</b>	<b>6,926.67</b>	<b>4,758.59</b>	<b>2,739.02</b>
	Less: Direct taxes paid	-1,731.97	-1,710.95	-1,092.62
	<b>Net cash flow from operating activities</b>	<b>5,194.70</b>	<b>3,047.64</b>	<b>1,646.40</b>
<b>II. Cash flows arising from investing activities</b>				
	<b>Inflow / (Outflow) on account of :</b>			
	Dividend from investments	0.20	0.19	0.19
	Interest income received	161.70	163.03	140.56
	(Increase) / Decrease in Capital Advance	-1,413.58	-195.44	-319.58
	(Increase) / Decrease in deposits with maturity of more than three months	200.82	-79.55	-97.72
	Sale/(Purchase) of fixed assets, including capital work -in- progress (net)	-1,419.00	-490.60	-448.90
	(Purchase)/Maturity of Long term / Current investments (net)	1.25	0.17	1.04

	<b>Net cash flow from investing activities</b>	<b>-2,468.62</b>	<b>-602.20</b>	<b>-724.42</b>
<b>III.</b>	<b>Cash flows arising from financing activities</b>			
	<b>Inflow / (Outflow) on account of :</b>			
	Increase / (Decrease) in long term and short term borrowings	-826.96	-1,167.61	815.30
	Dividend Paid	-611.11	-141.03	-308.80
	Finance Cost Paid	-1,142.30	-1,194.92	-1,302.51
	<b>Net cash flow from financing activities</b>	<b>-2,580.37</b>	<b>-2,503.56</b>	<b>-796.01</b>
	<b>Net increase in cash and cash equivalents ( I + II + III )</b>	<b>145.72</b>	<b>-58.12</b>	<b>125.97</b>
	<b>Add: Balance at the beginning of the year</b>	<b>1,031.94</b>	<b>1,090.06</b>	<b>964.09</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>1,177.65</b>	<b>1,031.94</b>	<b>1,090.06</b>
	<b>Components of cash and cash equivalents</b>			
	Cash and cash equivalents:			
	Cash on hand	11.66	3.09	108.63
	Balances with banks			
	- On Current accounts	1,165.99	1,028.84	981.43
	<b>Total</b>	<b>1,177.65</b>	<b>1,031.94</b>	<b>1,090.06</b>

The above statement to be read with, Statement of Significant Accounting Policies, enclosed as Annexure IV and Notes to the Restated IND AS Summary Statements, enclosed as Annexure V.



## **Restated Statement of Significant Accounting Policies**

### **Note 1. Company Overview**

- 1.1 HERANBA INDUSTRIES LIMITED is a public limited company domiciled in India, incorporated under the Companies Act, 1956. The Company is principally engaged in the business of manufacturing and sale of agro chemical products. The registered office of the company is located at Vapi, Gujarat.
- 1.2 The financial statements are approved for issue by the Company's Board of Directors on July 31, 2018.

### **Note 2: Recent Accounting Pronouncement**

- i. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.”

- ii. Ind AS 115 - Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 (“amended rules”). As per the amended rules, Ind AS 115 “Revenue from contracts with customers” supersedes Ind AS 11, “Construction contracts” and Ind AS 18, “Revenue” and is applicable for all accounting periods commencing on or after 1 April 2018. Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. The Company is evaluating the requirements of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant”

### **Note 3: Basis of Preparation of Financial Statements**

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Accounting Standards) Rules, 2015. The financial statements for all periods upto and including year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act (“the Act”), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) (“previous GAAP”). The financial statements for the year ended 31st March, 2017 are the first financial statements prepared by the Company in accordance with Ind AS.

The financial statements have been prepared on accrual basis and under the historical cost convention with the exception of certain financial assets and liabilities which have been measured at fair value.

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Act.

The Company’s financial statements are reported in Indian Rupees, which is also the Company’s functional currency.

## **I. Significant accounting judgements, estimates and assumptions:**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### **Estimates and assumptions**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

The areas involving critical estimates or judgements are:-

Estimation of defined benefit obligation,  
Impairment of financial asset such as trade receivables,  
Impairment of Non- financial Assets, and  
Estimation of Tax Expense and Liability

### **Summary of Significant Accounting Policies**

## **II. Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is stated inclusive of excise duty and excludes sales tax/ value added tax (VAT) / Goods & Service Tax (GST).

The specific recognition criteria described below must also be met before revenue is recognised:-

### **A. Sale of goods: -**

Sales are recognised when significant risk and rewards of ownership are transferred to the customer, in case of domestic customer, generally sales take place when goods are dispatched or delivery is handed over to the transporter. In case of export customers, generally sales take place when goods are shipped onboard based on bill of lading.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and cash discounts.

### **B. Interest and dividend: -**

Interest income including income arising on other instruments are recognised on time proportion basis using the effective interest rate method.

## **III. Export Benefits**

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

#### IV. Property Plant and Equipment, Investment Property and Depreciation / Amortisation: -

- A. Items of Property, plant and equipment including Capital-work in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.
- B. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the month of such addition, or upto the month of such sale/disposal, as the case may be.

Asset Category	Estimated useful life (in Years)
Plant & Machinery	25
Servers and networks	6
Computer desktops and laptops	3
Laboratory Equipment's	10
Office Equipment's	5
Plumbing and Piping	25
Electrical Installation	10
Factory Building	30
Non-Factory Buildings	60
Vehicles	6
Furniture and Fixture	10
Leasehold Land	Over Primary Lease period

The residual values, useful lives and methods of depreciation of property plant equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

- C. On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1st April, 2016 of its Property, Plant and Equipment and use that carrying value as the deemed cost on the date of transition i.e. 1st April, 2016.

#### V. Financial Instruments: -

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### A. Financial Assets: -

- i. Recognition and initial measurement: -

Trade Receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

ii. Classification and Subsequent measurement: -

For purposes of subsequent measurement, financial assets are classified in following categories:

a. Financial Assets at Amortised Cost: -

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium and fees or cost that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit & loss. The losses arising from impairment are recognized in the statement of profit and loss.

b. Financial Assets Measured at Fair Value through Other Comprehensive Income ( FVOCI ):-

Financial assets are measured at fair value through Other Comprehensive Income ( OCI )if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these assets are subsequently measured at Fair Value. Interest Income under Effective Interest method, foreign exchange gains and losses and impairment losses are recognized in the statement of profit and Loss. Other net gains and losses are recognized in OCI.

c. Financial asset not measured at amortised cost or at fair value through OCI is carried at Fair Value Through Profit and Loss.

d. Equity Investments: -

All Equity investments within the scope of Ind AS 109 are measured at Fair Value. Such equity instruments which are held for trading are classified as FVTPL. For all other such equity instruments, the company decides to classify the same either as FVOCI or FVTPL. The company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

For Equity instruments classified as FVOCI, all fair value changes in the instrument excluding dividends are recognized in OCI. Dividends on such equity instruments are recognized in the statement of Profit or loss

iii. De-recognition of Financial Assets: -

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or

The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the statement of Profit and Loss. Gains and losses in respect of debt instrument measured at FVOCI and that are accumulated in OCI are reclassified

to Profit and Loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to Profit or Loss on derecognition.

## **B. Financial Liabilities: -**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### **i. Recognition and Initial Measurement**

Financial liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument. Financial Liability is initially measured at fair value plus, for an item not at fair value through profit and loss, net of transaction costs that are directly attributable to its acquisition or issue.

### **ii. Classification and Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through Profit or Loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial Liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit and Loss.

Financial liabilities at amortised cost

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### **iii. De-recognition of Financial Liabilities: -**

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

## **C. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## **VI. Impairment: -**

### **a. Financial assets: -**

In accordance with Ind AS 109, the company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial asset measured at amortized cost.

Loss allowances on trade receivables are measured following the 'Simplified Approach' at an amount equal to the Life time ECL at each reporting date. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default

rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In respect of other financial asset, the loss allowance is measured at 12 month ECL only, if there is no significant deterioration in the credit risk since initial recognition of an asset or asset is determined to have a low credit risk at the reporting date.

**b. Impairment of Non-financial assets: -**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

**c. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

**VII. Taxation: -**

**i. Current Tax: -**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using rates that have been enacted or substantively enacted by the end of the reporting period.

**ii. Deferred Tax: -**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### **iii. Minimum Alternate Tax (MAT): -**

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### **VIII. Inventories: -**

All inventories are stated at lower of 'Cost or Net Realizable Value'.

- A. Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on First in First Out (FIFO) basis. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.
- B. Finished products and Work in Progress are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Cost of finished goods and work in progress includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.
- C. Traded goods are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis.
- D. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **IX. Employee benefits: -**

#### **a. Defined Contribution Plan: -**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plan and the contributions are recognised as employee benefit expense when they are due.

#### **b. Defined Benefit Plan: -**

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in Rs. is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income.

Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

**c. Leave Entitlement: -**

Leave entitlement are provided based on an actuarial valuation, similar to that of gratuity benefit. Remeasurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

**d. Short-term Benefits: -**

Short-term employee benefits such as salaries, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered.

**X. Borrowings and Borrowing costs: -**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**XI. Earnings per Share: -**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**XII. Cash Flow Statement: -**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**XIII. Cash and Cash Equivalents: -**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

**XIV. Foreign currency transactions: -**



- A. All transactions in foreign currency are recorded in the reporting currency, based on closing rates of exchange prevalent on the dates of the relevant transactions,
- B. Monetary assets and liabilities in foreign currency, outstanding as on the Balance Sheet date, are converted in reporting currency at the closing rates of exchange prevailing on the said date. Resultant gain or loss is recognized during the year in the Statement of Profit and Loss,
- C. Non-monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction, and
- D. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

**XV. Segment reporting: -**

Based on " Management Approach "as defined in Ind AS 108 - Operating Segments the chief operating decision maker regularly monitors and reviews the operating results of the whole company as one segment of " Agro - Chemicals ". Thus, as defined in Ind AS 108, the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss. The analysis of geographical segments is based on the areas in which customers of the company are located.

**XVI. Provisions, contingent liabilities and contingent assets: -**

A provision is recognized when the company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are also present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent Liabilities are not recognized in the financial statements but are disclosed separately.

Contingent assets are not recognised unless it becomes virtually certain that an inflow of economic benefits will arise.

**XVII. Leases: -**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments are structured to in cease in line with expected general inflation to compensate for the lessors expected inflationary cost increases.

## Annexure - V

## Notes to the Restated IND AS Summary Statements

1) Material Adjustments

## In Profit and Loss Account

(₹ Lakhs)

Particulars	31.03.18	31.03.17	31.03.16
<b>Profit After Tax as per Books of Accounts</b>	<b>4693.19</b>	<b>1976.92</b>	<b>1688.04</b>
Add: Short Provision of Tax appearing in FY 2018 and 2017 for taxes relating to FY 2015 and 2014 have been adjusted in respective years	66.26	55.53	0.00
<b>Restated Profit After Tax</b>	<b>4759.45</b>	<b>2032.44</b>	<b>1688.04</b>

## In Balance Sheet

(₹ Lakhs)

Particulars	31.03.18	31.03.17	31.03.16
Retained Earnings	66.26	55.53	(121.79)
Current Tax Liabilities	0.00	66.26	121.79

2) Operating Lease commitments - Company as Lessee

The Company has entered into operating lease arrangements for its office premises, depots and godown during the year Rs. 96.12 lakhs (PY Rs. 85.47 lakhs) has been debited to the statement of profit and loss as lease expense. The future minimum lease rentals payable under non-cancellable operating leases as at 31st March are as follows:

(₹ in Lakhs)

Particulars	31.03.18	31.03.17	31.03.16
<b>For a period</b>			
Not later than one year	97.71	96.13	85.47
Later than one year but not later than five year	101.74	199.45	210.10
Later than five year	0.00	0.00	0.00

3) CONTINGENT LIABILITIES AND COMMITMENTS (NOT PROVIDED FOR) :

(₹ in Lakhs)

Particulars	31.03.18	31.03.17	31.03.16
<b>A. Claims against the company not acknowledged as debts</b>			
Guarantees issued by bank	427.84	581.89	544.97
Disputed Excise Duty/ Custom Duty Demands	1851.22	1851.22	1851.22
Disputed Income Tax Liability	190.49	190.49	190.49
Claims not acknowledged as debts by the company	0.00	0.00	130.00
Bill Discounting	1473.02	2456.77	1977.17
<b>B. Commitments</b>			
Estimated amount of contracts remaining to be executed in Capital Account and not provided for (Net of Advance)	789.22	303.36	19.47

4) Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's senior management oversees management of these risks. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

## i. Market Risk

### a) Foreign currency risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices etc. The company operations involve foreign exchange transactions including mainly import, export, packing credit facilities and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to US\$. Foreign currency risk arises from future commercial transactions and recognised in assets and liabilities denominated in foreign currency that is not company's functional currency. (i.e. INR) The risk is measured through forecast of highly probable foreign currency cash flow.

No derivative instrument was outstanding at the end of the year.

Uncovered risks in foreign currency transactions disclosed as at:

(₹ in Lakhs)

Particulars	31.03.18	31.03.17	31.03.16
Borrowing (PCFC)	1,224.46	435.82	433.48
Trade Receivable	8,348.37	4203.47	3912.89
Trade Payable	3203.72	1952.95	1007.65

### Sensitivity

A change of 5% in Foreign currency would have following Impact on profit before tax.

(₹ in Lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
	5% Increase	5% Decrease	5% Increase	5% Decrease	5% Increase	5% Decrease
USD (Recivables)	6.37	-6.37	3.16	-3.16	2.95	-2.95
USD (Payables)	-1.81	1.81	-1.45	1.45	-0.75	0.75
Increase/(Decrease) in Profit or loss	4.56	-4.56	1.71	-1.71	2.20	-2.20

### b) Interest rate risk

Long-term borrowings of the Company bear fixed interest rate, thus interest rate risk is limited for the Company.

### c) Other Market Price Risk

The company is exposed to Equity price risk, which arises from FVTPL of Equity securities. The company has a very insignificant portion of amount invested in quoted equity securities. The management monitors the proportion of quoted equity instruments in its investment portfolio based on market indices.

## ii. Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Trade and Other Receivables:

The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, classification of customer, ageing of the customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision for past due

receivables beyond 90 days ranging between 10-11 % after reckoning the underlying collaterals. Besides, based on the expected credit loss model the Company also provides 2% allowances for receivables not due and past due upto 90 days except export receivables, if any.

Summary of company's exposure to credit risk by age of the outstanding from various customer is as follows:

(₹ in Lakhs)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 2016
Not due and past due upto 90 days	18,885.29	12,802.63	13,423.64
Past due more than 90 days	3,478.36	2,597.70	3,119.88
Total	22,363.65	15,400.33	16,543.53
Less: Impairment Allowance	582.37	531.69	154.15
<b>Total</b>	<b>21,781.27</b>	<b>14,868.65</b>	<b>16,389.37</b>

Expected credit loss assessment for customers as at 1 April 2016, 31 March 2017 and 31 March 2018.

### iii. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities to meet the obligations when due.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company manages its liquidity risk by preparing month on month cash flow projections to monitor liquidity requirements.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in Lakhs)

Particulars	Less than 1 year	1 to 5 years	Total
<b>Year Ended 31st March 2018</b>			
Borrowing	7,574.21	25.12	7,599.33
Trade Payable	17,841.94	0.00	17,841.94
Other Financial Liabilities	701.61	522.26	1,223.87
<b>Year Ended 31st March 2017</b>			
Borrowing	8,385.54	40.75	8,426.29
Trade Payable	9,679.17	0.00	9,679.17
Other Financial Liabilities	382.35	443.64	825.99
<b>Year Ended 31st March, 2016</b>			
Borrowing	9,527.83	66.07	9,593.90
Trade Payable	9,780.29	0.00	9,780.29
Other Financial Liabilities	881.69	369.84	1,251.53

### 5) Segment Reporting

Due to similar nature of products, production process, customer types etc, the company has a single operating segment of "Agro chemicals" during the year.

### Geographical Segment

The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas operations as under:-

(₹ in Lakhs)

Particulars	Year Ended	Year Ended	Year Ended
	31st March, 2018	31st March, 2017	31st March, 2016
<b>Revenue (Gross Sale)</b>			
India	37,758.00	3,879.26	35,188.57
Oversees	36,751.50	21,275.33	17,766.99
<b>Total</b>	<b>74,509.50</b>	<b>6,006.68</b>	<b>52,955.56</b>
<b>Non-current assets other than Financial Assets</b>			
India	7,018.96	4665.77	4,379.28
Oversees	0.00	0.00	0.00
<b>Total</b>	<b>7,018.96</b>	<b>4665.77</b>	<b>4,379.28</b>

The Company is not reliant on revenue from transactions with any single external customer and does not receive 10% or more of its revenue from transactions with any single external customer

### 6) Fair Value Measurements

#### i) Financial Instrument by Category:

(₹ in Lakhs)

Particulars	31st March, 2018			31st March, 2017			31st March, 2016		
	FVOCI	FVPL	Amortised Cost	FVOCI	FVPL	Amortised Cost	FVOCI	FVPL	Amortised Cost
<b>Financial Assets</b>									
Investments	-	0.41	1.88	-	0.38	3.14	-	0.25	3.31
Trade receivables	-	-	20,308.25	-	-	12,411.87	-	-	14,412.20
Cash and cash equivalents	-	-	1,177.65	-	-	1,031.94	-	-	1,090.06
Other financial assets	-	-	773.23	-	-	935.41	-	-	826.02
<b>Total</b>	<b>-</b>	<b>0.41</b>	<b>22,261.00</b>	<b>-</b>	<b>0.38</b>	<b>14,382.36</b>	<b>-</b>	<b>0.25</b>	<b>16,331.60</b>
<b>Financial Liabilities</b>									
Borrowings	-	-	7,599.33	-	-	8,426.29	-	-	9,593.90
Trade payables	-	-	17,841.94	-	-	9,679.17	-	-	9,780.29
Other Financial liabilities	-	-	1,223.87	-	-	825.99	-	-	1,251.53
<b>Total</b>	<b>-</b>	<b>-</b>	<b>26,665.14</b>	<b>-</b>	<b>-</b>	<b>18,931.45</b>	<b>-</b>	<b>-</b>	<b>20,625.72</b>

## ii) Fair value hierarchy:

The company uses the following hierarchy for deterring and disclosing the fair value of financial instrument by valuation technique:

Level 1: Quoted (Unadjusted) Prices in Active Markets for Identical Assets or Liabilities.

Level 2: Other Techniques for Which All Inputs Which Have A Significant Effect on The Recorded Fair Value Are Observable, Either Directly or Indirectly.

Level 3: Techniques Which Use Inputs That Have A Significant Effect on The Recorded Fair Value That Are Not Based on Observable Market Data.

- iii) The company has fair valued its investment through profit and loss based on quoted prices of such investments in active market. Hence it falls under level 1 valuations technique.

## 7) Capital Management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

The gearing ratio at the reporting period was as follows:-

(₹ in Lakhs)

Particulars	As at	As at	As at
	31st March, 2018	31st March, 2017	31st March, 2016
Debt	7,615.60	8,449.76	9,617.66
Less: Cash and cash equivalents	1,177.65	1,031.94	1,090.00
Net Debt (A)	<b>6,437.95</b>	<b>7,417.82</b>	<b>8,527.60</b>
Total Equity (B)	<b>15,760.63</b>	<b>11,669.71</b>	<b>9,971.47</b>
Debt Equity Ratio (A/B)	0.41	0.64	0.86

- 8) Comparative previous year's figures have been reworked, regrouped and reclassified to the extent possible, wherever necessary to confirm to current year's classification and presentation.

## Annexure - VI

**Restated Statement of Property, plant and equipment**

(₹ in Lakhs)

Particulars	Leasehold land	Plant and Machinery	Buildings	Electrical Installation	Piping	laboratory equipment	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Total	Capital work-in-progress
<b>Gross Carrying Value (At Deemed Cost)</b>												
<b>Balance at 1st April, 2015</b>	742.10	5119.43	737.10	275.80	547.76	68.89	57.08	81.08	284.83	74.34	<b>7988.40</b>	75.20
Additions	0.00	432.61	0.00	0.00	13.92	0.00	1.26	1.12	0.00	0.00	<b>448.90</b>	20.97
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-75.20
<b>Balance at 31st March, 2016</b>	<b>742.10</b>	<b>5552.04</b>	<b>737.10</b>	<b>275.80</b>	<b>561.67</b>	<b>68.89</b>	<b>58.33</b>	<b>82.20</b>	<b>284.83</b>	<b>74.34</b>	<b>8437.30</b>	<b>20.97</b>
<b>Accumulated depreciation and impairment</b>												
<b>Balance at 1st April, 2015</b>	61.62	2644.61	519.84	249.66	418.15	56.86	47.86	71.32	154.15	74.10	<b>4298.19</b>	0.00
Eliminated on disposal of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation charge	9.73	301.42	15.55	11.38	14.51	4.49	3.94	3.68	41.53	0.10	<b>406.32</b>	0.00
<b>Balance at 31st March, 2016</b>	<b>71.35</b>	<b>2946.03</b>	<b>535.39</b>	<b>261.05</b>	<b>432.67</b>	<b>61.35</b>	<b>51.80</b>	<b>74.99</b>	<b>195.68</b>	<b>74.20</b>	<b>4704.50</b>	0.00
<b>Net carrying value as on 31st March, 2016</b>	<b>670.75</b>	<b>2606.01</b>	<b>201.72</b>	<b>14.75</b>	<b>129.01</b>	<b>7.53</b>	<b>6.53</b>	<b>7.21</b>	<b>89.15</b>	<b>0.14</b>	<b>3732.80</b>	<b>20.97</b>

(₹ in Lakhs)

Particulars	Lease hold land	Plant and Machinery	Buildings	Electrical Installation	Piping	laboratory equipment	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Total	Capital work-in-progress
<b>Gross Carrying Value (At Deemed Cost)</b>												
<b>Balance at 1st April, 2016</b>	742.10	5552.04	737.10	275.80	561.67	68.89	58.33	82.20	284.83	74.34	<b>8437.30</b>	20.97
Additions	0.00	444.54	18.26	0.00	4.07	0.00	2.33	1.70	21.00	0.83	<b>492.73</b>	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.27	0.00	<b>9.27</b>	0.00
Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31st March, 2017</b>	<b>742.10</b>	<b>5996.58</b>	<b>755.36</b>	<b>275.80</b>	<b>565.75</b>	<b>68.89</b>	<b>60.66</b>	<b>83.91</b>	<b>296.56</b>	<b>75.17</b>	<b>8920.77</b>	<b>20.97</b>
<b>Accumulated depreciation and impairment</b>												
<b>Balance at 1st April, 2016</b>	71.35	2946.03	535.39	261.05	432.67	61.35	51.80	74.99	195.68	74.20	<b>4704.50</b>	0.00
Eliminated on disposal of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.14	0.00	<b>7.14</b>	0.00
Depreciation charge	9.73	323.28	15.48	0.58	14.10	2.57	2.27	2.50	28.99	0.06	<b>399.55</b>	0.00
<b>Balance at 31st March, 2017</b>	<b>81.08</b>	<b>3269.31</b>	<b>550.86</b>	<b>261.62</b>	<b>446.76</b>	<b>63.92</b>	<b>54.07</b>	<b>77.49</b>	<b>217.53</b>	<b>74.26</b>	<b>5096.91</b>	0.00
<b>Net carrying value as on 31st March, 2017</b>	<b>661.02</b>	<b>2727.27</b>	<b>204.50</b>	<b>14.17</b>	<b>118.98</b>	<b>4.97</b>	<b>6.59</b>	<b>6.41</b>	<b>79.03</b>	<b>0.91</b>	<b>3823.86</b>	<b>20.97</b>



(₹ in Lakhs)

Particulars	Leasehold land	Plant and Machinery	Buildings	Electrical Installation	Piping	laboratory equipment	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Total	Capital work-in-progress
<b>Gross Carrying Value (At Deemed Cost)</b>												
<b>Balance at 1st April, 2017</b>	742.10	5996.58	755.36	275.80	565.75	68.89	60.66	83.91	296.56	75.17	<b>8920.77</b>	20.97
Additions	0.00	1311.13	0.00	0.00	0.00	0.00	0.76	0.56	10.59	0.00	<b>1323.04</b>	95.18
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-7.31	0.00	<b>-7.31</b>	0.00
<b>Balance at 31st March, 2018</b>	<b>742.10</b>	<b>7307.71</b>	<b>755.36</b>	<b>275.80</b>	<b>565.75</b>	<b>68.89</b>	<b>61.42</b>	<b>84.47</b>	<b>299.84</b>	<b>75.17</b>	<b>10236.50</b>	<b>116.15</b>
<b>Accumulated depreciation and impairment</b>												
<b>Balance at 1st April, 2017</b>	81.08	3269.31	550.86	261.62	446.76	63.92	54.07	77.49	217.53	74.26	<b>5096.91</b>	0.00
Eliminated on disposal of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.40	3.68	<b>9.08</b>	0.00
Depreciation charge	9.73	415.61	14.78	0.30	12.75	0.71	1.86	2.02	22.22	0.41	<b>480.39</b>	0.00
<b>Balance at 31st March, 2018</b>	<b>90.81</b>	<b>3684.92</b>	<b>565.64</b>	<b>261.93</b>	<b>459.51</b>	<b>64.63</b>	<b>55.93</b>	<b>79.51</b>	<b>234.35</b>	<b>70.98</b>	<b>5568.22</b>	<b>0.00</b>
<b>Net carrying value as on 31st March, 2018</b>	<b>651.29</b>	<b>3622.79</b>	<b>189.72</b>	<b>13.87</b>	<b>106.23</b>	<b>4.26</b>	<b>5.49</b>	<b>4.96</b>	<b>65.49</b>	<b>4.19</b>	<b>4668.28</b>	<b>116.15</b>

## Annexure - VII

## Restated Statement of Investment

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>Non Current</b>			
<b>Investments in equity instruments (un-quoted):</b>			
2,000 (As at March 31, 2017, 2000; As at 1st April, 2016, 2000) Equity Shares of The Shamrao Vithal Co-op. Bank Ltd.	0.50	0.50	0.50
1,000 (As at March 31, 2017, 1,000; As at 1st April, 2016, 1,000) Equity shares of Matrubhumi Co-op. Credit Society Limited	1.00	1.00	1.00
100 (As at March 31, 2017, 100; As at 1st April, 2016, 100) Equity Shares of The Kalupur Commercial Co-op Bank Ltd.	0.03	0.03	0.03
A)	<b>1.53</b>	<b>1.53</b>	<b>1.53</b>
<b>Investments in equity instruments (At fair value through profit / loss) (quoted):</b>			
41 (As at March 31, 2017, 41; As at 1st April, 2016, 41) Equity Shares of United Phosphorus Ltd.	0.30	0.30	0.20
200 (As at March 31, 2017, 200; As at 1st April, 2016, 200) Equity Shares of Aditya Birla Money Ltd.	0.10	0.06	0.04
500 (As at March 31, 2017, 500; As at 1st April, 2016, 500) Equity Shares of Gujarat State Financial Corporation Ltd.	0.01	0.02	0.02
B)	<b>0.41</b>	<b>0.38</b>	<b>0.25</b>
<b>Other Investment (un-quoted)</b>			
National Savings Certificates [Lodged with Government Departments as security]	0.36	1.61	1.78
C)	<b>0.36</b>	<b>1.61</b>	<b>1.78</b>
<b>Total Non Current Investments (A+B+C)</b>	<b>2.29</b>	<b>3.51</b>	<b>3.56</b>
<b>Aggregate amount of quoted investments</b>	0.41	0.38	0.25
<b>Aggregate amount of un-quoted investments</b>	1.88	3.14	3.31

## Annexure VIII

## Restated Statement of Other financial assets

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>Non-current</b>			
Bank balances (Refer Footnote)			
Deposits with maturity of more than twelve months	386.92	587.74	508.19
Security deposits	234.45	222.68	211.78
Advance Rental Credit	2.86	0.00	0.00
<b>Total</b>	<b>624.23</b>	<b>810.42</b>	<b>719.97</b>

Balances with bank in fixed deposits are kept as security for guarantees / other facilities.

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>Current</b>			
Security deposits	136.74	99.33	82.33
Interest Accrued and Due	11.51	25.66	23.72
Advance Rental Credit	0.74	0.00	0.00
<b>Total</b>	<b>149.00</b>	<b>124.99</b>	<b>106.05</b>

## Annexure IX

## Restated Statement of Current Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
-------------	------------------	------------------	------------------

Current tax assets	0.00	140.59	198.65
Current tax liabilities	-1,294.76	-367.32	-811.03
<b>Total</b>	<b>-1,294.76</b>	<b>-226.73</b>	<b>-612.39</b>

## Annexure X

**Restated Statement of Other Assets**

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>Non-current</b>			
Capital Advances (Unsecured, considered good)	2,234.52	820.94	625.51
<b>Total</b>	<b>2,234.52</b>	<b>820.94</b>	<b>625.51</b>
<b>Current</b>			
Advance to Suppliers	994.81	780.75	569.74
Balance with Revenue Authorities	5,360.62	2,140.67	2,991.47
Other Advances			
Prepaid Expense	10.80	11.52	10.72
Others	44.18	133.18	176.42
<b>Total</b>	<b>6,410.41</b>	<b>3,066.12</b>	<b>3,748.34</b>

## Annexure XI

**Restated Statement of Inventories**

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Inventories (lower of cost or net realisable value)			
Raw materials	2,917.07	2,901.04	1,425.19
Work In Progress	439.12	802.30	852.51
Finished Goods (Includes Stock in transit Rs. 4,34,72,400 As at 31st March 17, Rs - NIL As at 01st April 16)	5,540.70	5,532.73	4,939.79
Packing materials	416.39	599.63	589.03
Stores And Spares	86.50	0.00	0.00
<b>Total</b>	<b>9,399.78</b>	<b>9,835.70</b>	<b>7,806.52</b>

## Annexure XII

**Restated Statement of Trade Receivables**

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Unsecured, considered good	21,781.27	14,868.65	16,389.37
Doubtful	582.37	531.69	154.15
Less: Impairment Allowance	582.37	531.69	154.15
Less: Bills discounted	1,473.02	2,456.77	1,977.17
<b>Total</b>	<b>20,308.25</b>	<b>12,411.87</b>	<b>14,412.21</b>

No trade receivable due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies in which any director is a partner, or a director or a member. Trade receivable are non- interest bearing and generally on terms of 30 to 90 days

## Annexure XIII

**Restated Statement of Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Balances with banks:			
- in current accounts	1,165.99	1,028.84	981.43
Cash on hand	11.66	3.09	108.63
<b>Total</b>	<b>1,177.65</b>	<b>1,031.94</b>	<b>1,090.06</b>

## Annexure XIV

## Restated Statement of Share Capital

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>Authorised Share Capital:</b>			
95,00,000 Equity Shares of ₹ 10/- each	950.00	950.00	950.00
50,000 Preference Shares of Rs.100/- each	50.00	50.00	50.00
<b>Issued and subscribed capital:</b>			
78,11,306 Equity Shares of ₹ 10/- each fully paid up	781.13	781.13	781.13
<b>Total</b>	<b>781.13</b>	<b>781.13</b>	<b>781.13</b>

## Annexure XV

## Restated Ind AS Statement of Changes in Equity

(in Nos.)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Shares outstanding at the beginning of the year	78,11,306	78,11,306	78,11,306
Shares issued during the year	0.00	0.00	0.00
Bonus Issued during the year	0.00	0.00	0.00
Share outstanding at the end of the year	78,11,306	78,11,306	78,11,306

**b) Terms / rights attached to equity shares**

The company has a single class of equity shares having a par value of ₹10 per share. Each shareholder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company in proportion to the number of equity shares held by each shareholder, after settlement of all preferential obligations.

**c) Details of shareholders holding more than 5% equity shares in the company**

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>Sadashiv Shetty</b>			
No. of Shares	31,38,132	31,38,132	31,38,132
% Holding	40.17%	40.17%	40.17%
<b>Raghuram Shetty</b>			
No. of Shares	21,16,170	21,16,170	21,16,170
% Holding	27.09%	27.09%	27.09%
<b>Sujata S. Shetty</b>			
No. of Shares	6,46,080	6,46,080	6,46,080
% Holding	8.27%	8.27%	8.27%
<b>Vanita R. Shetty</b>			
No. of Shares	4,03,600	4,03,600	4,03,600
% Holding	5.17%	5.17%	5.17%

## Annexure XVI

## Restated Statement of Other Equity

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b>Securities premium reserve</b>			
Balance at the beginning of the year	792.16	792.16	792.16
Add / (Less) :			
Capitalised during the year	0.00	0.00	0.00
Appropriations	0.00	0.00	0.00
<b>Balance at the end of the year</b>	792.16	792.16	792.16
<b>General reserve</b>			
Balance at the beginning of the year	2075.00	1575.00	1,275.00
Add / (Less) :			
Additions During the year	500.00	500.00	300.00
Amount transferred from Debenture redemption reserve	0.00	0.00	0.00
<b>Balance at the end of the year</b>	2575.00	2075.00	1575.00
<b>Retained Earnings</b>			
Balance at the beginning of the year	7955.16	6701.39	5622.15
Profit For the Year	4,768.29	1896.65	1688.04
<b>Less:</b>			
Changes in accounting Policy or prior period errors	0.00	1.86	0.00
<b>Less: Appropriation</b>			
Transfer to general reserve	500.00	500.00	300.00
Proposed dividend - equity shares	78.11	0.00	35.41
Interim dividend	429.62	117.17	221.66
Tax on proposed dividend	15.90	0.00	7.21
Tax on interim dividend	87.47	23.86	44.52
<b>Balance at the end of the year</b>	11,612.35	7955.16	6701.39
<b>Total</b>	14,979.50	10,822.32	9068.55

## Annexure XVII

**Restated Statement of Borrowings**

(₹ in Lakhs)

**Non-current**

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
(i) 25,121 Redeemable cumulative preference shares of the face value of Rs.100 each (Refer note a)	25.12	25.12	25.12
(ii) Vehicle Loans			
From banks (Refer note b)	16.27	39.10	64.71
Less: Transferred to Current Maturities of long term loan from banks	-16.27	-23.48	-23.76
<b>Total</b>	<b>25.12</b>	<b>40.75</b>	<b>66.07</b>

- a) Preference Shares are redeemable at par at the option of the company at any time, but not later than 20 years from the date of issue i.e. 20.2.2002, having coupon rate of 12%.
- b) Vehicle loans are secured by hypothecation of vehicles and are due for repayment within one year.

**Current****Secured**

- (i) From Banks:

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Working Capital Demand Loan (Refer note a)	0.00	3943.89	3943.94
Cash Credit (Refer note b & c)	6329.00	3875.09	5024.49
Packing Credit (Refer note d)	1224.46	435.82	433.48
<b>Total</b>	<b>7553.47</b>	<b>8254.80</b>	<b>9401.91</b>

- a) Working capital Demand Loan from Corporation Bank  
Sanction limit Nil (Previous Year Rs. 39 crores); Interest Rate 13.30 % (Previous Year 13.30 %); Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future
- b) Cash Credit - Corporation Bank  
Sanction limit 53 crores (Previous Year Rs. 26 crores); Interest Rate 13.30 % (Previous Year 13.30 %); Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future
- c) Cash Credit - Syndicate Bank  
Sanction limit 18.50 crores (Previous Year Rs. 18.50 crores); Interest Rate 12.45 % (Previous Year 12.45 %); Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future
- d) Packing Credit  
Sanction limit 14 crores (Previous Year Rs. 14 crores); Interest Rate 3.40 % (Previous Year 3.40 %), Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future

The above facilities are secured as follows,

- a) Pari pasu First charge on the current assets of the company
- b) Pari pasu Equitable Mortgage of land, buildings and hypothecation of plant and machinery at factory at Vapi
- c) Joint and several guarantee by all directors of the Company in individual capacity.

**Unsecured, Considered good**

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Payable on demand			
From shareholders/directors (Refer note)	20.74	130.74	125.91
<b>Total</b>	<b>7574.21</b>	<b>8385.54</b>	<b>9527.83</b>

Annexure XVIII

**Restated Statement of Other Financial Liabilities**

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b><u>Non-current</u></b>			
Security Deposit from Dealers	522.26	443.64	369.84
<b>Total</b>	<b>522.26</b>	<b>443.64</b>	<b>369.84</b>
<b><u>Current</u></b>			
Current maturities and overdue installments of long-term debts	16.27	23.48	23.76
Interest accrued and due	240.33	202.11	160.29
Unclaimed/unpaid dividends	1.56	2.17	1.56
Other payables	443.46	154.60	696.08
<b>Total</b>	<b>701.61</b>	<b>382.35</b>	<b>881.69</b>

Annexure XIX

**Restated Statement of Provisions**

(₹ in Lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
<b><u>Non-current</u></b>			
Employee Benefits	0.00	0.00	0.00
Provision for Gratuity	0.00	0.00	0.00
Provision for leave benefit	18.06	32.48	0.00
<b>Total</b>	<b>18.06</b>	<b>32.48</b>	<b>0.00</b>
<b><u>Current</u></b>			
Employee Benefits			
Provision for Gratuity	366.35	310.87	183.34
Provision for leave benefit	117.04	51.94	70.34
<b>Total</b>	<b>483.38</b>	<b>362.81</b>	<b>253.68</b>

## Annexure XX

**Restated Statement of Deferred Tax balances (Net)**

The following is the analysis of deferred tax asset / (liabilities) presented in the balance sheet

(₹ in Lakhs)

<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Deferred Tax Asset	63.87	52.87	89.92
Deferred Tax Liability	-438.89	-335.74	-277.68
<b>Total</b>	<b>-375.02</b>	<b>-282.87</b>	<b>-187.76</b>

<b>2017-2018</b>	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Closing Balance</b>
Property, Plant and Equipment	-327.38	-110.15	-437.53
Provisions	43.34	2.99	46.33
Impairment Allowance for trade receivables	9.53	8.01	17.54
Fair Valuation of Investment	-0.04	0.03	-0.01
Others	-8.32	6.97	-1.35
<b>Total</b>	<b>-282.87</b>	<b>-92.14</b>	<b>-375.02</b>

<b>2016-2017</b>	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Closing Balance</b>
Property, Plant and Equipment	-277.68	-49.70	-327.38
Provisions	40.70	2.64	43.34
Impairment Allowance for trade receivables	39.51	-29.98	9.53
Fair Valuation of Investment	0.05	-0.09	-0.04
Others	9.67	-17.98	-8.32
<b>Total</b>	<b>-187.76</b>	<b>-95.11</b>	<b>-282.87</b>

<b>2015-2016</b>	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Closing Balance</b>
Property, Plant and Equipment	-220.77	-56.91	-277.68
Provisions	0.00	40.70	40.70
Impairment Allowance for trade receivables	0.00	39.51	39.51
Fair Valuation of Investment	0.05	0.00	0.05
Others	32.33	-22.67	9.67
<b>Total</b>	<b>-188.39</b>	<b>0.63</b>	<b>-187.76</b>



## Annexure XXI

**Restated Statement of Trade payables**

(₹ in Lakhs)

<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Dues to Micro, Small and Medium Enterprises	84.41	0.00	0.00
Dues to others	17757.54	9679.17	9780.29
<b>Total</b>	<b>17841.94</b>	<b>9679.17</b>	<b>9780.29</b>

Trade payables are non interest bearing and normally settled on 30 to 90 days

**Details of dues to Micro, Small and Medium Enterprises as defined under Micro Small Medium Enterprises Development Act, 2006:**

a) Trade payables include Rs.84,40,853 (As at 31st March, 2016: Rs.Nil; As at 1st April, 2015: Rs. Nil) due to micro, small and medium enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

b) Rs.178,771 interest was payable to micro and small enterprises during the year.

c) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of parties under the MSMED Act and has been relied upon by the auditors.

## Annexure XXII

**Restated Statement of Other Liabilities**

(₹ in Lakhs)

<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
<b>Current</b>			
Advance against orders	68.38	50.94	326.12
Other payables :			
Statutory liabilities	22.04	28.13	32.10
Employee Benefits Payable	403.16	431.46	378.24
<b>Total</b>	<b>493.58</b>	<b>510.52</b>	<b>736.45</b>

## Annexure XXIII

**Restated Statement of Revenue from operations**

(₹ in Lakhs)

<b>Particulars</b>	<b>For the year ended</b>		
	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
Sale from operations :			
Sale of Goods	73816.08	59714.25	53114.24
Export Incentive	693.42	1067.35	560.38
<b>Total</b>	<b>74509.50</b>	<b>60781.60</b>	<b>53674.62</b>

## Annexure XXIV

**Restated Statement of Other income**

(₹ in Lakhs)

<b>Particulars</b>	<b>For the year ended</b>
--------------------	---------------------------

	31.03.2018	31.03.2017	31.03.2016
Interest Income	147.55	164.97	110.01
Dividend Income	0.20	0.19	0.19
Foreign Exchange Fluctuation Gain (Net)	379.82	73.65	-26.00
<b>Total</b>	<b>527.57</b>	<b>238.80</b>	<b>84.20</b>
Other gains and losses			
Surplus on sale of fixed assets	0.99	0.12	0.00
Miscellaneous income	2.91	11.09	0.00
<b>Total</b>	<b>531.47</b>	<b>250.01</b>	<b>84.20</b>

## Annexure XXV

**Restated Statement of Cost of materials consumed**

(₹ in Lakhs)

Particulars	For the year ended		
	31.03.2018	31.03.2017	31.03.2016
Opening Stock	3500.67	2014.22	3858.33
Add: Purchases	49968.24	43877.55	34272.48
Less: Closing stock	3768.19	3500.67	2014.22
<b>Total</b>	<b>49700.73</b>	<b>42391.09</b>	<b>36116.59</b>

## Annexure XXVI

**Restated Statement of Changes in Inventories of Finished Goods and Work-in-Progress**

(₹ in Lakhs)

Particulars	For the year ended		
	31.03.2018	31.03.2017	31.03.2016
Opening Stock of Finished Goods	5532.73	4939.79	5940.43
Opening Stock of Work In Progress	802.30	852.51	1060.39
Less: Closing Stock of Finished Goods	5105.98	5532.73	4939.79
Less: Closing Stock of Work In Progress	439.12	802.30	852.51
Less: Provision for Excise duty on opening stock	115.63	0.00	0.00
<b>Total</b>	<b>674.30</b>	<b>-542.72</b>	<b>1208.52</b>

## Annexure XXVII

**Restated Statement of Employee Benefits Expense**

(₹ in Lakhs)

Particulars	For the year ended		
	31.03.2018	31.03.2017	31.03.2016
Salaries, wages and bonus, etc.	3097.24	3050.16	2771.52
Contribution to provident and other funds	117.20	41.33	130.09
Staff welfare expenses	106.56	89.06	76.19
<b>Total</b>	<b>3321.00</b>	<b>3180.56</b>	<b>2977.80</b>

## Annexure XXVIII

**Restated Statement of Finance Costs**

(₹ in Lakhs)

Particulars	For the year ended		
	31.03.2018	31.03.2017	31.03.2017
Interest on :			
- Fixed loans	496.17	598.93	590.38

- Cash Credits	410.30	350.28	462.98
- Bill Discounting	49.74	70.82	37.29
Other interest expense	220.68	213.09	248.60
Interest on Redeemable Preference shares and Tax thereon	3.63	3.63	3.63
<b>Total</b>	<b>1180.52</b>	<b>1236.74</b>	<b>1342.88</b>

## Annexure XXIX

## Restated Statement of Depreciation and Amortisation Expense

(₹ in Lakhs)

Particulars	For the year ended		
	31.03.2018	31.03.2017	31.03.2017
Depreciation of property, plant and equipment	480.39	399.55	406.32
<b>Total</b>	<b>480.39</b>	<b>399.55</b>	<b>406.32</b>

## Annexure XXX

## Restated Statement of Other Expenses

(₹ in Lakhs)

Particulars	For the year ended		
	31.03.2018	31.03.2017	31.03.2017
Consumption of Stores and Spares	2369.15	1172.21	721.57
Repairs & Maintanance to:			
- Machinery	156.96	96.38	208.21
- Building	247.10	81.20	0.00
- Vehicle	7.12	12.24	5.71
- Others	317.90	121.26	158.37
Insurance	143.31	103.47	73.46
Rent, Rates and taxes	128.12	105.58	142.75
Bad Debts written off	1022.91	593.18	0.00
Allowances for doubtful debts	50.69	377.53	114.15
Payment to Auditor (Refer Note a)	12.96	5.62	6.04
Power and Fuel	2797.52	2137.95	2147.35
Freight	1651.40	1596.43	1476.19
Corporate Social Responsibility	26.06	0.00	17.50
Prior Period Expense:			
Other expenses	2716.68	1952.07	1577.19
<b>Total</b>	<b>11647.88</b>	<b>8355.13</b>	<b>6648.48</b>

## Annexure XXXI

## Restated Statement of Accounting Ratios

Particulars	31.03.18	31.03.17	31.03.16
Net Profit as restated (₹ in Lacs)	4,759.45	2,032.44	1,688.04
Net Worth (₹ in Lacs)	15,760.63	11,603.45	9,849.68

Return on Net worth (%)	30.20%	17.52%	17.14%
Equity Share at the end of year (in Nos.)	78,11,306	78,11,306	78,11,306
(Face Value ₹ 10)	10.00	10.00	10.00
Weighted No. of Equity Shares	78,11,306	78,11,306	77,99,766
Basic and Diluted Earnings per Equity Share	60.93	26.02	21.64
Net Asset Value/Book Value per Equity share (Based on no of share at the end of year)	201.77	148.55	126.10

Note:- Earnings per share (Rs.) = Profit available to equity shareholders / weighted No. of shares outstanding at the end of the year.

Return on Net worth (%) = Restated Profit after taxation / Net worth x 100

Net asset value / Book value per share (Rs.) = net worth / No. of equity shares

The company does not have any revaluation reserve or extra- ordinary items.

## Annexure XXXII

**Restated Statement of Capitalization****(₹ in Lakhs)**

<b>Particulars</b>	<b>Pre Issue</b>
	<b>As at 31.03.2018</b>
<b>Debt :</b>	
Short term debt	7,574.21
Long term debt	25.12
<b>Total Debt</b>	<b>7,599.33</b>
<b>Shareholders Funds</b>	
Equity Share Capital	781.13
Reserves(Other Equity) as restated	14,979.50
Less: Revaluation Reserves	0.00
Less: Misc. Expenditure	0.00
<b>Total Shareholders' Funds</b>	<b>15,760.63</b>
Long Term Debt/ Shareholders' Funds	0.00
Total Debt / Shareholders Fund	0.48

The corresponding Post IPO capitalisation data in the above table is not determinable at this stage pending the completion of the Book Building Process and hence the same has not been provided in the above statement.

## Annexure XXXIII

## Restated Statement of Tax Shelters

(₹ in Lakhs)

Particulars	As At		
	31.03.18	31.03.17	31.03.16
<b>Profit Before Tax as per books of accounts*</b>	7651.60	3416.42	2905.35
-- Normal Tax rate	34.608%	34.608%	34.608%
-- Minimum Alternative Tax rate	21.341%	21.341%	21.341%
<b>Notional Tax at normal rates</b>	2648.06	1182.35	1005.48
<b>Tax at Special Rate</b>	0.00	0.00	0.00
<b>Total Tax (A)</b>	2648.06	1182.35	1005.48
<b>Permanent differences</b>			
Other adjustments	25.03	34.21	96.11
Disallowances	0.00	0.00	0.00
<b>Total (B)</b>	<b>25.03</b>	<b>34.21</b>	<b>96.11</b>
<b>Timing Differences</b>			
Depreciation as per Books	480.39	389.82	396.59
Depreciation as per Income Tax	793.99	569.39	557.60
Difference between tax depreciation and book depreciation	(313.60)	(179.57)	(161.01)
Other adjustments	165.86	415.34	122.02
Foreign income included in the statement	0.00	0.00	0.00
<b>Total (C)</b>	<b>(147.74)</b>	<b>235.77</b>	<b>(38.99)</b>
<b>Net Adjustments (B+C)</b>	<b>(122.71)</b>	<b>269.98</b>	<b>57.12</b>
Tax expense/(savings) thereon (D)	(42.47)	93.43	19.77
<b>Total Taxation (E = A+D)</b>	<b>2605.60</b>	<b>1275.79</b>	<b>1025.25</b>
Brought forward losses set off (Depreciation)	0.00	0.00	0.00
Brought forward losses set off (Ordinary loss)	0.00	0.00	0.00
<b>Total Brought forward losses</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Tax effect on the above (F)	0.00	0.00	0.00
<b>Net tax for the year/period (E+F)</b>	<b>2605.60</b>	<b>1275.79</b>	<b>1025.25</b>
Interest on Delay in Tax Payment	127.38	38.79	65.96
<b>Net Payable</b>	<b>2732.98</b>	<b>1314.58</b>	<b>1091.21</b>
MAT Credit Utilised	0.00	0.00	0.00
<b>Tax Payable for the year</b>	<b>2732.98</b>	<b>1314.58</b>	<b>1091.21</b>
<b>Tax payable as per MAT</b>	<b>1632.93</b>	<b>729.10</b>	<b>620.03</b>
<b>Tax expense recognised</b>	<b>2800.00</b>	<b>1325.00</b>	<b>1095.00</b>

\* Note: Profit before tax for year ended 31.03.2017 and 31.03.2016 are as per IND GAAP, based on which Income Tax Return has been filed. Profit before tax for year ended 31.03.2018 is as per IND AS and Income Tax return filing is pending.

**Restated Statement of Related Party Transactions****List of Related Parties:**

<b>Name</b>	<b>Relation</b>
Sadashiv K. Shetty	Promoter Director
Raghuram K. Shetty	Promoter Director
Sujata S. Shetty	Director
Vanita R. Shetty	Director
Babu K Shetty	Relative of Directors
Shanta B. Shetty	Relative of Directors
Shreya Shetty	Relative of Directors
Shriraj S. Shetty	Relative of Directors
Raunak R. Shetty	Relative of Directors
Roshan R. Shetty	Relative of Directors
Sadashiv K Shetty HUF	Associate Concern
Raghuram K Shetty HUF	Associate Concern
Sams Industries Limited	Associate Concern
Shakti Bio Science Limited	Associate Concern
Heranba Agro Science Limited	Associate Concern

(₹ in Lakhs)

<b>Particulars</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.03.16</b>
<b>Consultancy Charges Paid</b>			
Shreya Shetty	18.00	18.00	17.00
<b>Purchases Made</b>			
Shakti Bio Science Limited	160.07	25.43	71.96
<b>Unsecured Loans Received</b>			
Raghuram K. Shetty	50.00	135.00	105.00
Sujata S. Shetty	0.00	0.00	0.00
Vanita R. Shetty	1.07	0.00	0.00
<b>Unsecured Loans Repaid</b>			
Raghuram K. Shetty	151.07	130.17	0.00
Sujata S. Shetty	0.00	0.00	0.00
Vanita R. Shetty	10.00	0.00	0.00
<b>Advances Made</b>			
Sams Industries Limited	12.00	7.84	7.26
Heranba Agro Science Limited	8.23	10.62	3.62
Shakti Bio Science Limited	104.74	92.43	153.96
<b>Advance Recovered</b>			
Sams Industries Limited	117.79	0.00	0.00
Heranba Agro Science Limited	0.00	0.00	0.00
<b>Dividend Paid</b>			

Sadashiv K. Shetty	203.99	47.07	76.19
Raghuram K. Shetty	149.26	34.44	55.40
Sujata S. Shetty	41.99	9.69	15.86
Vanita R. Shetty	26.23	6.05	10.09
Shriraj S. Shetty	10.95	2.53	4.21
Raunak R. Shetty	8.27	1.91	3.18
Shreya Shetty	12.25	2.83	4.71
Roshan R. Shetty	8.27	1.91	3.18
Sadashiv K Shetty (HUF)	4.17	0.96	1.60
Raghuram K Shetty (HUF)	17.94	4.14	6.90
Sams Industries Limited	18.54	4.28	7.13
<b>Dividend on preference Shares</b>			
Sadashiv K. Shetty	1.21	1.21	1.21
Raghuram K. Shetty	0.79	0.79	0.79
Sujata S. Shetty	0.58	0.58	0.58
Vanita R. Shetty	0.43	0.43	0.43
<b>Remuneration to Directors</b>			
Sadashiv K. Shetty	117.77	117.77	115.75
Raghuram K. Shetty	114.55	114.55	111.76
Sujata S. Shetty	13.22	13.22	12.97
Vanita R. Shetty	13.22	13.22	12.97
Shriraj S. Shetty	9.10	0.00	0.00
Raunak R. Shetty	9.10	0.00	0.00
<b>Closing Balances</b>			
<i>a. Unsecured Loans</i>			
Raghuram K. Shetty	20.24	121.31	116.49
Sujata S. Shetty	0.50	0.50	0.50
Vanita R. Shetty	0.00	8.93	8.93
<i>b. Advances</i>			
Shakti Bio Science Limited	763.47	658.73	566.3
Heranba Agro Science Limited	33.97	25.74	15.12
Sams Industries Limited	0.00	105.79	97.95



**Auditors' Report on the restated summary statements of assets and liabilities as at March 31, 2015 & 2014, profits and losses, cash flows and changes in equity for each of the years ended March 31, 2015 and 2014 of Heranba Industries Limited (collectively, the "Restated Ind GAAP Summary Statements")**

To  
**The Board of Directors**  
**Heranba Industries Limited**  
Plot No. 1504, 1505, 1506/1 GIDC, Phase – III,  
Vapi, Valsad- 396 195,  
Gujrat, India

Dear Sir,

1. We have examined the attached restated standalone summary statement of assets and liabilities of **Heranba Industries Limited**, (hereinafter referred to as “**the Company**”) as at March 31, 2015 and 2014, restated standalone summary statement of profit and loss and restated standalone summary statement of cash flows for the year ended March 31, 2015, and 2014 (collectively referred to as the “**restated standalone summary statements**” or “**restated standalone financial statements**”) annexed to this report and initialled 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 Initial Public Offering (IPO).
2. These restated standalone 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 standalone financial statements taking into consideration:
  - (i) The terms of reference to our engagement letter, in connection with the Offer Document being issued by the Company for its proposed Initial Public Offering of equity shares (“**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 standalone financial statements of the Company have been extracted by the management from the audited financial statements of the Company for the year ended, March 31 2015 and 2014.
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 standalone statement of asset and liabilities**” of the Company for the year ended March 31, 2015 and 2014 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 standalone statement of profit and loss**” of the Company for the year ended March 31, 2015 and 2014 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 standalone statement of cash flows**” of the Company for the year ended March 31, 2015 and 2014 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.
6. Based on our examination, we are of the opinion that the restated standalone financial statements have been prepared:
  - a) Using consistent accounting policies for all the reporting periods.
  - b) Adjustments for prior period and other material amounts in the respective financial years to which they relate.
  - c) There are no extra-ordinary items other than those appearing in financials 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 auditor for the year ended March 31, 2015 and 2014 which would require adjustments in this restated standalone financial statements of the Company.
7. Audit for the year ended on March 31, 2015 and 2014 was conducted by Anay Gogte & Co., Chartered Accountants. The financial report included for these period is based solely on the report submitted by them.
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 year ended March 31, 2015, and 2014 proposed to be included in the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus (“**Offer Document**”).

**Annexure to restated financial statements of the Company:-**

1. Summary Standalone statement of assets and liabilities, as restated as appearing in ANNEXURE I;
2. Summary Standalone statement of profit and loss, as restated as appearing in ANNEXURE II;
3. Summary Standalone statement of cash flow as restated as appearing in ANNEXURE III;
4. Significant accounting policies and notes to accounts as appearing in ANNEXURE IV;
5. Details of Standalone Statement of share capital as restated as appearing in ANNEXURE V to this report;
6. Details of Standalone statement of reserves and surplus as restated as appearing in ANNEXURE VI to this report;
7. Details of Standalone Statement of long term borrowings as restated as appearing in ANNEXURE VII to this report;
8. Details of Standalone Statement of long term provisions as restated as appearing in ANNEXURE VIII to this report;
9. Details of Standalone statement of other non-current liabilities as restated as appearing in ANNEXURE IX to this report;
10. Details of Standalone statement of deferred tax asset/liability as restated as per ANNEXURE X to this report;
11. Details of Standalone Statement of Short Term Borrowings as restated as per ANNEXURE XI to this report;
12. Details of Standalone Statement of trade payables as restated as appearing in ANNEXURE XII to this report;
13. Details of Standalone Statement of other current liabilities as restated as appearing in ANNEXURE XIII to this report;
14. Details of Standalone Statement of short term provisions as restated as appearing in ANNEXURE XIV to this report;
15. Details of Standalone statement of fixed assets as restated as appearing in ANNEXURE XV to this report;
16. Details of Standalone statement of non-current investment as restated as appearing in ANNEXURE XVI to this report;
17. Details of Standalone Statement of Long term loans & Advances as restated as appearing in ANNEXURE XVII to this report;
18. Details of Standalone Statement of Inventories as restated as appearing in ANNEXURE XVIII to this report;
19. Details of Standalone statement of trade receivables as restated as appearing in ANNEXURE XIX to this report;

- report;
20. Details of Standalone statement of cash & cash equivalents as restated as appearing in ANNEXURE XX to this report;
  21. Details of Standalone statement of other current assets as restated as appearing in ANNEXURE XXI to this report;
  22. Details of Standalone statement of revenue from operations as restated as appearing in ANNEXURE XXII to this report;
  23. Details of Standalone statement of other income as restated as appearing in ANNEXURE XXIII to this report;
  24. Details of Standalone Statement of Increase and Decrease in Stock as restated as appearing in ANNEXURE XXIV to this report;
  25. Details of Standalone statement of cost of material consumed as restated as appearing in ANNEXURE XXV to this report;
  26. Details of Standalone statement of employee benefit expenses as restated as appearing in ANNEXURE XXVI to this report;
  27. Details of Standalone statement of other expenses as restated as appearing in ANNEXURE XXVII to this report;
  28. Details of Standalone statement of finance cost as restated as appearing in ANNEXURE XXVIII to this report;
  29. Details of Standalone statement of related party transactions as restated as appearing in ANNEXURE XXIX to this report;
  30. Standalone Summary Statement of significant accounting ratios as restated as appearing in ANNEXURE XXX to this report;
  31. Standalone statement of Tax Shelters as restated as appearing in ANNEXURE XXXI 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. In our opinion, the above financial information read with the respective significant accounting policies and notes to restated summary statements as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.
  12. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

**As per our Report Attached**

Thanking you,

For **N.S. Shetty & Co.**

**Chartered Accountants**

ICAI Firm Registration Number: 110101W

**Divakar Shetty**

**Partner**

Membership No: 100306

Place: Mumbai

Date: August 25, 2018

## Annexure I

## Standalone statement of assets and liabilities

(₹ Lakhs)

Particulars	Annexure	31.03.15	31.03.14
<b>Equity &amp; Liabilities</b>			
<b>Shareholders Fund</b>			
Share capital	V	794.55	409.84
Reserves and surplus	VI	7,477.80	6,303.44
Less : Revaluation Reserve		(602.68)	(602.68)
Share Application Money		0.00	0.00
<b>Total Shareholder's Fund</b>		<b>7,669.67</b>	<b>6,110.60</b>
<b>Non Current Liabilities</b>			
Long Term Borrowings	VII	56.75	63.01
Long term provisions	VIII	149.88	133.60
Other Non Current Liabilities	IX	319.74	279.78
Deferred Tax Liability	X	346.23	210.84
<b>Total Non Current Liabilities</b>		<b>872.60</b>	<b>687.23</b>
<b>Current Liabilities</b>			
Short Term Borrowings	XI	8,696.72	7,380.16
Trade Payables	XII	12,604.81	12,448.48
Other Current Liabilities	XIII	1,804.73	1,108.38
Short Term Provisions	XIV	2,451.37	1,884.30
<b>Total Current Liabilities</b>		<b>25,557.63</b>	<b>22,821.32</b>
<b>Total Equity &amp; Liability</b>		<b>34,099.90</b>	<b>29,619.15</b>
<b>Non-Current Assets</b>			
a) Fixed Assets	XV		
Tangible Assets		4,132.96	3,655.74
Intangible Assets		0.00	0.00
Capital WIP		0.00	75.20
Less : Revaluation Reserve		(602.68)	(602.68)
<b>Total Fixed Assets (a)</b>		<b>3,530.28</b>	<b>3,128.26</b>
b) Non Current Investments	XVI	2.67	2.67
c) Long Term Loans and Advances	XVII	233.44	190.91
d) Other Non Current Assets	-	0.00	0.00
e) Deferred Tax Asset	-	0.00	0.00
<b>Total Non Current Assets</b>		<b>3,766.39</b>	<b>3,321.84</b>
<b>Current assets</b>			
Current Investments		0.00	0.00
Inventories	XVIII	10,859.14	9,450.08
Trade Receivables	XIX	11,310.09	10,460.06
Cash and Cash Equivalents balances	XX	1,374.56	767.44
Short Term Loans and advances	-	0.00	0.00
Other Current Assets	XXI	6,789.72	5,619.73
<b>Total Current Assets</b>		<b>30,333.51</b>	<b>26,297.31</b>
<b>Total Assets</b>		<b>34,099.90</b>	<b>29,619.15</b>

**Note:** The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV.

## Annexure II

## Standalone statement of Profit &amp; Loss

(₹ Lakhs)

Particulars	Annexure	31.03.15	31.03.14
<b>Income</b>			
Revenue from Operations	XXII	51,965.76	45,610.01
Other Income	XXIII	772.03	455.45
<b>Total Revenue</b>		<b>52737.79</b>	<b>46065.46</b>
<b>Expenditure</b>			
(Increase) / Decrease in Stock	XXIV	(1826.07)	(356.69)
Cost of Material consumed	XXV	39322.24	33872.54
Employee Benefit Expenses	XXVI	2,460.15	2,048.04
Other Expenses	XXVII	7,939.40	6,382.16
<b>Total (B)</b>		<b>47895.72</b>	<b>41946.05</b>
<b>Profit Before Interest, Depreciation and Tax</b>		<b>4842.07</b>	<b>4119.41</b>
Depreciation		531.82	451.65
<b>Profit Before Interest and Tax</b>		<b>4,310.25</b>	<b>3,667.76</b>
Financial Charges	XXVIII	1,378.28	1,313.87
<b>Profit before Taxation</b>		<b>2,931.97</b>	<b>2,353.89</b>
<b>Tax Expense</b>			
Current Tax		955.00	720.00
Tax Adjustment		66.26	55.53
Deferred Tax		135.39	14.58
<b>Total</b>		<b>1156.65</b>	<b>790.11</b>
<b>Profit After Tax but Before Extra ordinary Items</b>		<b>1775.32</b>	<b>1563.78</b>
Extraordinary Items		0.00	0.00
Prior Period Items		0.00	0.00
<b>Net Profit after adjustments</b>		<b>1775.32</b>	<b>1563.78</b>
<b>Net Profit Transferred to Balance Sheet</b>		<b>1775.32</b>	<b>1563.78</b>

**Note:** The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV.

## Annexure III

## Standalone statement of cash flow

(₹ Lakhs)

PARTICULARS	31.03.15	31.03.14
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	2,931.97	2,353.89
<i>Adjusted for :</i>		
a. Depreciation	531.82	451.65
b. Financial Charges	1,378.28	1,313.87
c. Other Income	(772.03)	(455.45)
<b>Operating profit before working capital changes</b>	<b>4,070.04</b>	<b>3,663.96</b>
<i>Adjusted for :</i>		
a. Decrease /(Increase) in Inventories	(1409.06)	(2574.23)
b. Decrease / ( Increase ) in trade receivable	(850.03)	(1529.09)
c. ( Increase ) / Decrease in short term loans and advances	0.00	0.00
d. Increase / ( Decrease ) in Trade Payables	156.33	5859.12
e. Increase / (Decrease) in short term provisions	567.07	837.44
f. Increase / ( Decrease ) in other current liabilities	696.35	268.64
g. ( Increase ) / Decrease in Other Current Assets	(1169.99)	(3320.67)
h. Increase / ( Decrease ) in other long term liabilities	39.96	42.47
I. Decrease / ( Increase ) in Current Investments	0.00	0.00
J. Increase / ( Decrease ) in long term provisions	16.28	1.93
K. ( Increase ) / Decrease in Other Non-Current Assets	0.00	0.00
L. ( Increase ) / Decrease in Long term loans and advances	(42.53)	(61.43)
<b>Cash generated from operations</b>	<b>2,074.42</b>	<b>3,188.14</b>
Income Tax Paid ( net of refunds )	1,021.26	775.53
<b>NET CASH GENERATED FROM OPERATION</b>	<b>1,053.16</b>	<b>2,412.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
a. Purchase (sale) of Fixed Assets	(933.85)	(1003.10)
b.( Purchase) / Sale of non-current investment	0.00	(0.35)
c. Other Income	772.03	455.45
<b>Net cash (used) in investing activities</b>	<b>(161.82)</b>	<b>(548.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
a. Interest & Finance Cost	(1378.28)	(1313.87)
b. Proceeds from share issued	0.00	65.00
c. ( Repayments ) / proceeds of long term borrowings	(6.26)	17.49
d. ( Repayments ) / proceeds of short term borrowings	1316.56	(444.80)
e. Dividend Paid	(216.24)	(116.05)
<b>Net cash generated/(used) in financing activities</b>	<b>(284.22)</b>	<b>(1792.23)</b>
<b>Net Increase / ( Decrease ) in cash and cash equivalents</b>	<b>607.12</b>	<b>72.38</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>767.44</b>	<b>695.06</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,374.56</b>	<b>767.44</b>

## Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'. Previous year's figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year.
- The above statement should be read with the Significant Accounting Policies and Notes on Financial Statements appearing in Annexure IV.

## Significant accounting policies and notes to restated accounts

### 1. Significant Accounting Policies

#### a. Basis of Accounting

The Financial Statements are prepared under historical cost convention on accrual basis and comply with the applicable accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the companies Act, 1956.

#### b. Sales and Other Income

Sales comprise sale of goods and services including excise duty but exclusive of sales tax. Other Income is accounted for on accrual basis.

#### c. Fixed Assets

All Fixed assets are valued at their cost of acquisition except the land which is stated at revalued amount.

#### d. Investments

Investments are valued at cost.

#### e. Depreciation

Depreciation is provided for on WDV method in accordance with Schedule II of the Companies Act, 2013. Depreciation is calculated from the month in which the assets are acquired or put to use, whichever is later. In respect of assets disposed of or written off during the year, depreciation is calculated upto the month of disposal or write off of the assets.

#### f. Inventories

Raw Materials, Packing Materials, Work-in-progress and Consumable Stores and Spares are valued at cost. Finished goods are valued at cost or market price whichever is lower.

#### g. Foreign Currency Transactions

Foreign currency transactions are accounted for at the rates prevailing on the date of transaction. Exchange Rate fluctuation arising on account of foreign currency term loan is adjusted to the fixed assets acquired out of the term loans. All other exchange rate differences are dealt with in the Statement of profit & loss.

#### h. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, that necessarily takes substantial period of time to get ready for its intended use, are capitalised as part of that asset. Capitalisation of borrowing costs is done till the time when substantially all the activities necessary to make the qualifying assets ready for its intended use are complete. In respect of a qualifying asset which is completed in parts that are capable of being used while construction continues for other parts, capitalisation of borrowing cost for a part is done till the time when substantially all the activities necessary to make such part ready for its intended use are complete.

#### i. Modvat Credit

Modvat credit is accounted for by recording materials and assets purchased net of excise duty. Modvat credit is utilised against excise duty payable on despatch of finished goods.

## j. Segment Accounting

Reportable segments are identified having regard to the dominant source of revenue and nature of risk and returns.

## k. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing difference between the accounting income and the taxable income for the year, and quantified using the tax rates and tax rates and laws enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## l. Retirement Benefits for Employees

Gratuity payable in accordance with the provisions of the Payment of Gratuity Act, 1972 is provided for in the accounts on the basis of actuarial valuation. Gratuity liability to the eligible employees is covered by a Group Gratuity Scheme of the Life Insurance Corporation of India. Premium paid for the year is charged to the Profit & Loss account. Company's contribution payable during the year to Provident Fund is charged to the Statement of Profit & Loss.

**Notes to the Re-stated Financial Statements**

1. The Profit and Loss Accounts of certain years includes amount paid / provided for or refunded, in respect of short/excess income tax arising out of assessments, appeals etc. and account of short/excess provision of tax for earlier years. *The impact on accounts of such short/excess income tax has been adjusted in respective years.*

**2. Material Adjustments****In Profit and Loss Account**

	(₹ Lakhs)	
Particulars	31.03.15	31.03.14
<b>Profit After Tax as per Books of Accounts</b>	<b>1841.58</b>	<b>1619.31</b>
Less: Short Provision of Tax appearing in FY 2018 and 2017 for taxes relating to FY 2015 and 2014 have been adjusted in respective years	66.26	55.53
<b>Restated Profit After Tax</b>	<b>1775.32</b>	<b>1563.78</b>

**In Balance Sheet**

	(₹ Lakhs)	
Particulars	31.03.15	31.03.14
Reserves and Surplus	(121.79)	(55.53)
Short Term Provisions	121.79	55.53

## 3. Non-adjustment Items:

No Audit qualifications for the respective periods which require any corrective adjustment in these Restated Financial Statements of the Company have been pointed out during FY 2015 and FY 2014.

## 4. Material Regroupings:

Appropriate adjustments have been made in the restated summary statements of Assets and Liabilities, Profits and Losses and Cash flows wherever required by reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the requirements of the SEBI Regulations.

5. The Company does not possess information as to which of its supplier are Micro small and Medium Enterprise registered under The Micro Small and Medium Enterprise Development Act 2006. Consequently



the liability, if any, of interest which would be payable under The Micro Small and Medium Enterprise Development Act 2006, cannot be ascertained. However, the Company has not received any claims in respect of such interest and as such, no provision has been made in the books of accounts.

6. Other figures of the previous years have been regrouped / reclassified and / or rearranged wherever necessary.
7. The balance of Sundry Creditors, Sundry Debtors, Loans Advances, Unsecured Loans, Current Liabilities are subject to confirmation and reconciliation.
8. The contingent liabilities as at March 31, 2015 and March 31, 2014 were as follows:

(₹ Lakhs)

Name of Statute	As on March 31, 2015	As on March 31, 2014
In respect of guarantees issued by bank	346.50	360.35
Custom Duty/ Excise Duty Disputes	1,851.22	508.60
Bill Discounting	1032.74	810.03
Capital Commitments to be executed on capital account not provided for	46.87	102.62

## 9. Segment Information:

Based on the guiding principles given in the Accounting Standard 17, Company's Primary business consists of manufacturing and selling of agrochemicals and pesticides chemicals of various types and grades, which mainly have identical risks and returns. As such there is no other reportable business segment. The secondary business segment is determined by geographical location of its customers. The secondary segment information is given as under:

### Geographical segments

The customer base of the Company is spread across India as well as in overseas hence the management of the Company has recognized its secondary segmental reporting on the basis of the geographical location of its customers.

	India (₹)	Overseas (₹)	Total (₹)
<b>Year Ended 31 March, 2015</b>	<b>India</b>	<b>Overseas</b>	<b>Total</b>
Revenue	33952.89	19617.31	53570.20
<b>Year Ended 31 March, 2014</b>	<b>India</b>	<b>Overseas</b>	<b>Total</b>
<b>Revenue*</b>			
Sales to External Customers	32053.96	15155.54	47209.50

## Annexure V

## Statement of share capital

(₹ Lakhs)

Particulars	31.03.15	31.03.14
<b>Authorised</b>		
Equity shares of ₹ 10/- each	950.00	450.00
Preference shares of ₹ 100/- each	50.00	50.00
<b>Issued, Subscribed &amp; Fully Paid-up</b>		
Equity shares of ₹ 10/- each	769.43	384.71
Preference shares of ₹ 100/- each	25.12	25.12
<b>Total Paid up Capital</b>	<b>794.55</b>	<b>409.83</b>

## Reconciliation of No. of Equity Shares Outstanding at the end of the year

Particulars	31.03.15	31.03.14
Shares outstanding at the beginning of the year	38,47,153	38,14,653
Shares issued during the year	0	32,500
Bonus Issued during the year	38,47,153	0
Share outstanding at the end of the year	76,94,306	38,47,153

## Reconciliation of No. of Preference Shares Outstanding at the end of the year

Particulars	31.03.15	31.03.14
Shares outstanding at the beginning of the year	25,121	25,121
Shares issued during the year	0	0
Bonus Issued during the year	0	0
Share outstanding at the end of the year	25,121	25,121

## Details of Equity Shareholding more than 5% of the aggregate shares in the company

Particulars	31.03.15	31.03.14
<b>Sadashiv K Shetty</b>		
No. of Shares	30,84,132	15,42,316
% Holding	40.09%	40.09%
<b>Raghuram K Shetty</b>		
No. of Shares	20,64,170	10,32,085
% Holding	26.83%	26.83%
<b>Sujata S Shetty</b>		
No. of Shares	6,34,580	3,17,290
% Holding	8.25%	8.25%
<b>Vanita R Shetty</b>		
No. of Shares	4,03,600	2,01,800
% Holding	5.25%	5.25%

**Annexure VI**
**Statement of reserves and surplus**
**(₹ Lakhs)**

Particulars	31.03.15	31.03.14
<b>Statement of Profit &amp; Loss</b>		
Opening balance	4,829.19	3,381.46
Add: Profit for the year	1,775.32	1,563.78
<b>Profit available for appropriation</b>	<b>6,604.51</b>	<b>4,945.24</b>
Less: Adjustment for Appropriations / Bonus issue	-416.24	-116.05
<b>Balance as at the end of the year</b>	<b>6,188.27</b>	<b>4,829.19</b>
<b>Securities Premium Account</b>		
Opening balance	871.57	809.82
Add: Additions during the year	0.00	61.75
Less: Utilised for Bonus Issue	-184.72	0.00
<b>Balance as at the end of the year</b>	<b>686.85</b>	<b>871.57</b>
<b>Total Reserve &amp; Surplus</b>	<b>6,875.12</b>	<b>5,700.76</b>

**Annexure VII**
**Statement of Long Term Borrowings**
**(₹ Lakhs)**

Particulars	31.03.15	31.03.14
<b>Secured Loans</b>		
<b>From Banks</b>		
Vehicle Loans	56.75	63.01
<b>Unsecured Loans</b>	0.00	0.00
<b>Total</b>	<b>56.75</b>	<b>63.01</b>

**Annexure VIII**
**Statement of long term provisions**
**(₹ Lakhs)**

Particulars	31.03.15	31.03.14
Provision for Gratuity	90.20	90.20
Provision for Leave Encashment	59.68	43.40
<b>Total</b>	<b>149.88</b>	<b>133.60</b>

**Annexure IX**
**Statement of other non-current liabilities**
**(₹ Lakhs)**

Particulars	31.03.15	31.03.14
Security Deposits	319.74	279.78
<b>Total</b>	<b>319.74</b>	<b>279.78</b>

## Annexure X

## Statement of deferred tax asset/liability

(₹ Lakhs)

Particulars	31.03.15	31.03.14
Opening Deferred Tax Liability / (Asset)	210.84	196.26
<b>Deferred Tax Asset</b>		
On the Block of Fixed Assets	0.00	0.00
On Other Items		
<b>Sub Total</b>	<b>0.00</b>	<b>0.00</b>
<b>Deferred Tax Liability</b>		
On the Block of Fixed Assets	135.39	14.58
On Other Items		
<b>Sub Total</b>	<b>135.39</b>	<b>14.58</b>
Net Deferred Tax Liability / (Asset)	135.39	14.58
<b>Closing Deferred Tax Liability / (Asset)</b>	<b>346.23</b>	<b>210.84</b>

## Annexure XI

## Statement of Short Term Borrowings

(₹ Lakhs)

Particulars	31.03.15	31.03.14
<b>Secured Loans</b>		
From Bank		
Demand Loan	3,945.91	3,557.50
Cash Credit - Corporation Bank	3,572.46	3,006.29
Packing Credit	1,151.70	763.57
Other Loans	5.74	7.37
<b>Unsecured Loans</b>		
From Shareholders / Directors	20.91	45.43
<b>Total</b>	<b>8696.72</b>	<b>7380.16</b>

## Annexure XII

## Statement of trade payables

(₹ Lakhs)

Particulars	31.03.15	31.03.14
Sundry Creditors	12,604.81	12,448.48
<b>Total</b>	<b>12,604.81</b>	<b>12,448.48</b>

## Annexure XIII

## Statement of other current liabilities

(₹ Lakhs)

Particulars	31.03.15	31.03.14
<b>Others Liabilities</b>		
Current maturities of Long Term borrowings from Bank	31.95	17.37
Advance from Customers	686.97	596.28
Other Liabilities	968.81	494.73
Share Application Money	117.00	0.00
<b>Total</b>	<b>1,804.73</b>	<b>1,108.38</b>

Annexure XIV

Statement of short term provisions

(₹ Lakhs)

Particulars	31.03.15	31.03.14
Provision for Income Tax	2,376.79	1,768.25
Proposed Dividend - Equity	35.42	96.18
Proposed Dividend - Preference	3.02	3.02
Tax on Interim Dividend	28.32	0.00
Tax on Proposed Dividend - Equity	7.21	16.34
Tax on Proposed Dividend - Preference	0.61	0.51
<b>Total</b>	<b>2,451.37</b>	<b>1,884.30</b>

## Annexure XV

## Statement of Fixed Assets

(₹ Lakhs)

As at March 31, 2015										
Particulars	Gross Block (At Cost)				Depreciation / Amortisation				Net Block	
	As At 1-04-2014	Additions during the Period	Sale/Adj. during the Period	As At 31-03-2015	Upto 1-04-2014	For the Period	Sale/Adj. during the Period	Upto 31-03-2015	As At 31-03- 2015	As At 31-03- 2014
Tangible Assets -										
Land	742.10	305.93	0.00	1,048.03	0.00	0.00	0.00	0.00	1,048.03	742.10
Building	737.10	0.00	0.00	737.10	487.79	24.93	7.12	519.84	217.27	249.32
Plant and machinery	4,564.43	632.14	1.95	5,194.63	2,341.00	236.56	67.06	2,644.61	2,550.02	2,223.44
Electrical Installations	275.80	0.00	0.00	275.80	203.93	10.00	35.74	249.66	26.13	71.87
piping	546.23	1.53	0.00	547.76	395.99	21.00	1.16	418.15	129.60	150.24
Laboratory Equipments	68.89	0.00	0.00	68.89	44.16	3.44	9.26	56.86	12.03	24.73
Office Equipments	54.43	2.65	0.00	57.08	30.17	3.62	14.07	47.86	9.21	24.25
Computers	78.10	2.98	0.00	81.08	62.32	7.28	1.72	71.32	9.77	15.79
Vehicles	220.02	64.80	0.00	284.82	78.89	45.80	29.47	154.15	130.67	141.14
Furniture and Fixtures	74.34	0.00	0.00	74.34	61.47	2.33	10.31	74.10	0.23	12.87
Current Period Total	7,361.44	1,010.03	1.95	8,369.52	3,705.69	354.96	175.91	4,236.56	4,132.97	3,655.74
Previous Period Total	5,951.35	1,504.09	94.00	7,361.44	3,327.09	451.65	73.05	3,705.69	3,655.74	

(₹ Lakhs)

As at March 31, 2014										
Particulars	Gross Block (At Cost)				Depreciation / Amortisation				Net Block	
	As At 1-04-2013	Additions during the Period	Sale/Adj. during the Period	As At 31-03-2014	Upto 1-04-2013	For the Period	Sale/Adj. during the Period	Upto 31-03-2014	As At 31-03-2014	As At 31-03-2013
Tangible Assets -										
Land	742.10	0.00	0.00	742.10	0.00	0.00		0.00	742.10	742.10
Building	737.10	0.00	0.00	737.10	460.08	27.70		487.79	249.32	277.02
Plant and machinery	3,189.34	1,375.10	0.00	4,564.43	2,007.70	333.30		2,341.00	2,223.44	1,181.64
Electrical Installations	275.80	0.00	0.00	275.80	192.32	11.61		203.93	71.87	83.48
pipings	546.23	0.00	0.00	546.23	371.71	24.28		395.99	150.24	174.52
Laboratory Equipments	52.68	16.21	0.00	68.89	41.12	3.04		44.16	24.73	11.53
Canteen equipments	0.77	0.00	0.00	0.77	0.70	0.01		0.71	0.06	0.07
Office Equipments	48.83	4.82	0.00	53.66	25.99	3.47		29.46	24.20	22.84
Computers	75.72	2.39	0.00	78.10	52.36	9.95		62.32	15.79	23.35
Vehicles	208.81	105.22	94.00	220.02	116.38	35.55	73.05	78.89	141.14	92.43
Furniture and Fixtures	73.98	0.36	0.00	74.34	58.71	2.75		61.47	12.87	15.26
Current Period Total	5,951.35	1,504.09	94.00	7,361.44	3,327.09	451.65	73.05	3,705.69	3,655.74	2,624.23
Previous Period Total	5,676.70	286.80	12.14	5,951.35	3,028.22	301.28	2.38	3,327.12	2,624.23	

## Annexure XVI

## Statement of non-current investment

(₹ Lakhs)		
Particulars	31.03.15	31.03.14
Trade Investments (un-quoted)		
2000 Equity shares of The Shamrao Vithal Co-op. Bank Ltd.	0.50	0.50
National Saving Certificate (Lodged with Govt. Dept. as Security)	1.79	1.79
Trade Investments (quoted)		
41 Equity shares of United Phosphorous Ltd.	0.23	0.23
500 Equity shares of Gujarat State Financial Corporation Ltd.	0.10	0.10
200 Equity shares of Aditya Birla Money Ltd. (Formerly known as Birla Global Finance Limited)	0.05	0.05
<b>Total</b>	<b>2.67</b>	<b>2.67</b>

## Annexure XVII

## Statement of Long term loans &amp; Advances

(₹ Lakhs)		
Particulars	31.03.15	31.03.14
Deposits	233.44	190.91
<b>Total</b>	<b>233.44</b>	<b>190.91</b>

## Annexure XVIII

## Statement of Inventories

(₹ Lakhs)		
Particulars	31.03.15	31.03.14
Raw materials	3,313.11	3,484.36
Work in progress	1,060.39	1,363.72
Finished goods	5,940.42	3,811.02
Packing Materials	545.22	344.83
Goods in Transit (Raw Material)	0.00	446.15
<b>Total</b>	<b>10,859.14</b>	<b>9,450.08</b>

## Annexure XIX

## Statement of trade receivables

(₹ Lakhs)		
Particulars	As at	
	31.03.15	31.03.14
Outstanding for more than six months from due date	2,493.60	2,074.71
Others	9,849.23	9,195.38
Less : Bills discounted	-1,032.74	-810.03
<b>Total</b>	<b>11,310.09</b>	<b>10,460.06</b>

## Annexure XX

## Statement of cash &amp; cash equivalents

(₹ Lakhs)		
Particulars	31.03.15	31.03.14
Cash on hand	52.08	22.50
Bank Balances in Current Account	912.01	340.47
Deposits with maturity of more than 12 months	410.47	404.47
<b>Total</b>	<b>1,374.56</b>	<b>767.44</b>



## Annexure XXI

## Statement of other current assets

(₹ Lakhs)

Particulars	31.03.15	31.03.14
Income Tax Payments	1,766.48	1,495.33
Balances with revenue authorities	4,585.99	3,198.34
Advance to suppliers	307.59	132.77
Advance – Others	122.55	785.31
Prepaid Expenses	7.11	7.98
<b>Total</b>	<b>6,789.72</b>	<b>5,619.73</b>

## Annexure XXII

## Statement of revenue from operations

(₹ Lakhs)

Particulars	For the FY/Period ended	
	31.03.15	31.03.14
<b>Revenue from Operations</b>		
Gross Sales	53,570.19	47,209.50
Less: Excise Duty	1,604.44	1,599.49
<b>Net Sales</b>	<b>51,965.75</b>	<b>45,610.01</b>

## Annexure XXIII

## Statement of Other Income

(₹ Lakhs)

Particulars	For the FY/Period ended	
	31.03.15	31.03.14
Interest	49.94	42.11
Dividend	0.18	0.01
Exchange rate fluctuation	145.84	11.96
Duty drawback	517.48	369.71
Sale of advance licence	38.59	10.72
Misc. Income	20.01	3.72
Discount Received	0.00	17.22
<b>Total</b>	<b>772.04</b>	<b>455.46</b>

## Annexure XXIV

## Statement of Increase and Decrease in Stock

(₹ Lakhs)

Particulars	31.03.15	31.03.14	31.03.13
Closing stock of Finished Goods	5940.43	3811.03	3586.58
Closing stock of Work in Progress	1060.39	1363.72	1231.48
Less : Opening stock of Finished Goods	(3811.03)	(3586.58)	(3838.81)
Less : Opening stock of Work in Progress	(1363.72)	(1231.48)	(1049.80)
<b>(Increase) / Decrease in Stock</b>	<b>(1826.07)</b>	<b>(356.69)</b>	<b>70.55</b>

## Annexure XXV

## Statement of cost of material consumed

(₹ Lakhs)

Particulars	31.03.15	31.03.14
Opening stock - Raw Material (Chemicals)	3484.36	1797.00
Opening stock - Packing Material	344.82	260.79
Add : Purchases - Raw Material (Chemicals)	36869.52	33565.71
Add : Purchases - Packing Material	2481.87	2078.22
Less : Closing stock - Raw Material (Chemicals)	(3313.11)	(3484.36)
Less : Closing stock - Packing Material	(545.22)	(344.82)
<b>Total</b>	<b>39,322.24</b>	<b>33,872.54</b>

## Annexure XXVI

## Statement of employee benefit expenses

(₹ Lakhs)

Particulars	For the FY/Period ended	
	31.03.15	31.03.14
Salaries and Wages	2,280.65	1,906.53
Contribution to Provident and other Funds	108.58	81.47
Staff Welfare	70.92	60.04
<b>Total</b>	<b>2,460.15</b>	<b>2,048.04</b>

## Annexure XXVII

## Statement of other expenses

(₹ Lakhs)

Particulars	For the FY/Period ended	
	31.03.15	31.03.14
Consumption of stores and spare parts	731.84	698.69
Discount	1,187.00	543.56
Power and fuel	2,353.56	1,997.82
Rent	81.12	16.05
Repairs to Machinery	303.31	304.73
Insurance	83.70	77.14
Remuneration to Auditors	4.63	4.00
Rates and Taxes	47.49	86.83
Freight, forwarding and transportation	1,481.56	1,270.78
Loss on sale of fixed assets	0.00	17.06
Other expenses	23.38	0.00
Miscellaneous Expenses	1,641.81	1,365.50
<b>Total</b>	<b>7,939.40</b>	<b>6,382.16</b>

## Annexure XXVIII

## Statement of finance cost

(₹ Lakhs)

Particulars	For the FY/Period ended	
	31.03.15	31.03.14
Bank Interest	996.19	1,103.42
Bank Charges & Commission	176.46	162.11
Other Interest	205.63	48.34
<b>Total</b>	<b>1,378.28</b>	<b>1,313.87</b>

## Annexure XXIX

## Statement of related party transactions

## List of Related Parties:

Name	Relation
Sadashiv K. Shetty	Promoter Director
Raghuram K. Shetty	Promoter Director
Sujata S. Shetty	Director
Vanita R. Shetty	Director
Babu K Shetty	Relative of Directors
Shanta B. Shetty	Relative of Directors
Shreya Shetty	Relative of Directors
Shriraj S. Shetty	Relative of Directors
Raunak R. Shetty	Relative of Directors
Roshan R. Shetty	Relative of Directors
Sadashiv K Shetty HUF	Associate Concern
Raghuram K Shetty HUF	Associate Concern
Sams Industries Limited	Associate Concern
Shakti Bio Science Limited	Associate Concern
Heranba Agro Science Limited	Associate Concern

(₹ Lakhs)

Particulars	31.03.15	31.03.14
<b>Remuneration</b>		
Sadashiv K. Shetty	91.35	80.04
Raghuram K. Shetty	85.00	75.74
Sujata S. Shetty	9.59	6.59
Vanita R. Shetty	9.59	6.59
<b>Consultancy Charges Paid</b>		
Shreya Shetty	7.88	6.00
<b>Purchases Made</b>		
Shakti Bio Science Limited	290.11	1,142.31
<b>Advances Made</b>		
Heranba Agro Science Limited	4.00	27.00
Sams Industries Limited	0.00	110.70
<b>Advances Recovered</b>		
Heranba Agro Science Limited	0.00	20.00
Sams Industries Limited	0.00	20.30
<b>Dividend - Equity Shares*</b>		
Sadashiv K. Shetty	70.98	38.56
Raghuram K. Shetty	51.64	28.05
Sujata S. Shetty	14.60	7.93
Vanita R. Shetty	9.29	5.05
Babu K Shetty	1.04	0.56
Shanta B. Shetty	0.35	0.19
Shreya Shetty	4.34	2.36

Sadashiv K Shetty HUF	1.48	0.80
Raghuram K Shetty HUF	6.35	3.45
Shriraj S. Shetty	3.88	2.11
Raunak R. Shetty	2.93	1.59
Roshan R. Shetty	2.93	1.59
Sams Industries Limited	6.56	3.57
*Dividend distributed during the year (Proposed and Final) and appropriated from statement of Profit and Loss account has been reported.		
<b>Dividend - Preference Shares</b>		
Sadashiv K. Shetty	1.21	1.21
Raghuram K. Shetty	0.79	0.79
Sujata S. Shetty	0.58	0.58
Vanita R. Shetty	0.43	0.43
<b>Unsecured Loans Received</b>		
Raghuram K. Shetty	12.56	32.85
Vanita R. Shetty	0.00	0.00
Sujata S. Shetty	0.00	0.00
<b>Unsecured Loans Repaid</b>		
Raghuram K. Shetty	36.00	160.00
Vanita R. Shetty	1.07	0.00
Sujata S. Shetty	0.00	0.00
<b>Closing Balances</b>		
<i>a. Trade Payables</i>		
Shakti Bio Science Limited	306.09	436.09
<i>b. Advances</i>		
Heranba Agro Science Limited	11.50	7.50
Sams Industries Limited	90.70	90.70
<i>c. Borrowings</i>		
Raghuram Shetty	11.49	34.93
Vanita R. Shetty	8.93	10.00
Sujata S. Shetty	0.50	0.50

## Annexure XXX

## Statement of significant accounting ratios

Particulars	31.03.15	31.03.14
Net Profit as restated (₹ in Lacs)	1,775.32	1,563.78
Net Worth (₹ in Lacs)	7,669.67	6,110.60
Return on Net worth (%)	23.15%	25.59%
Equity Share at the end of year (in Nos.)	76,94,306	38,47,153
(Face Value ₹ 10)	10.00	10.00
Weighted No. of Equity Shares (Basic and Diluted)	76,94,306	38,23,646
Basic & Diluted Earnings per Equity Share	23.07	40.90
Net Asset Value/Book Value per Equity share (Based on no of share at the end of year)	99.68	158.83

## Annexure XXXI

## Statement of Tax Shelters

(₹ Lakhs)

Particulars	As At	
	31.03.15	31.03.14
<b>Profit Before Tax as per books of accounts</b>	2931.97	2353.89
-- Normal Tax rate	33.99%	33.99%
-- Minimum Alternative Tax rate	20.96%	15.45%
<b>Notional Tax at normal rates</b>	996.58	800.09
<b>Tax at Special Rate</b>	0.00	0.00
<b>Total Tax (A)</b>	996.58	800.09
<b>Permanent differences</b>		
Other adjustments	24.44	173.99
Disallowances	0.00	0.00
<b>Total (B)</b>	<b>24.44</b>	<b>173.99</b>
<b>Timing Differences</b>		
Depreciation as per Books	531.82	451.65
Depreciation as per Income Tax	706.97	746.33
Difference between tax depreciation and book depreciation	(175.15)	(294.68)
Other adjustments	120.78	2.02
Foreign income included in the statement	0.00	0.00
<b>Total (C)</b>	<b>(54.37)</b>	<b>(292.66)</b>
<b>Net Adjustments (B+C)</b>	<b>(29.93)</b>	<b>(118.67)</b>
Tax expense/(savings) thereon (D)	(10.17)	(40.34)
<b>Total Taxation (E = A+D)</b>	<b>986.40</b>	<b>759.75</b>
Brought forward losses set off (Depreciation)	0.00	0.00
Tax effect on the above (F)	0.00	0.00
Net tax for the year/period (E+F)	986.40	759.75
Interest on Delay in Tax Payment	84.07	43.16
Net Payable	1070.47	802.91
MAT Credit Utilised	0.00	0.00
Tax Payable for the year	1070.47	802.91
Tax payable as per MAT	614.56	363.68
Tax expense recognised	955.00	720.00

## 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, and our assessment of the factors that may affect our prospects and performance in future periods, together with our consolidated financial information as at and for the fiscal years ended March 31, 2018, 2017 and 2016 including the notes thereto and reports thereon, each included in this Draft Red Herring Prospectus. Our financial information, as included in this Draft Red Herring Prospectus, in respect of the year ended March 31, 2018, and comparative March 31, 2017 (being the comparative period for the year ended March 31, 2018), are prepared in accordance with Indian Accounting Standards and restated in accordance with the requirements of SEBI ICDR Regulations and the Companies Act, and for the year ended March 31, 2016 was prepared in accordance with the Previous GAAP, which have been translated into figures as per Ind AS to align accounting policies and are restated in accordance with requirements of SEBI ICDR Regulations and the Companies Act. Accordingly, the degree to which our financial information will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS.

Our fiscal year ends on March 31 of each year, so all references to a particular "Fiscal" or "fiscal year" are to the 12-month period ended March 31 of that fiscal year.

The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. See "Forward-Looking Statements" and "Risk Factors" on pages 17 and 18, respectively, for factors that could cause or contribute to these differences.

### Overview

Our Company is engaged in the business of manufacturing and marketing a range of agrochemicals. We have a pan-India presence, with integrated operations across research and development, manufacturing, marketing and distribution of a wide range of crop protection chemicals, public health and Animal Health solutions.

Initially we were engaged in synthetic pyrethroids and its intermediates. Synthetic pyrethroids are pesticides derived from naturally occurring pyrethrins and is synthetically made by industrial methods.

We manufacture technical products (active ingredients), intermediate products and formulations. Our pesticides range includes insecticides, herbicides, fungicides and public health products for pest control. We aim to provide innovative products to farmers that enhance farm efficiency and offer better crop solutions. We have products for all kinds of crops, vegetables and fruits. Our products viz Deltamethrin and Alphacypermethrin are now recommended and included in the WHO/FAO specifications. Our company has a well-balanced effluent treatment system for the solid, liquid and gaseous effluents and emission generated from the various processes.

We started our manufacturing activity with production of intermediate product CMAC (Cypermethrinic Acid Chloride). However after initial few years we started manufacturing Technical Products like, Cypermethrin, Alphacypermethrin, Deltamethrin, Permethrin, Lambda cylothrins etc in which CMAC was a main raw material. Therefore over the years we largely stopped selling CMAC in the market and production was primarily used captive consumption for manufacturing Technical Products.

Other than the aforementioned crop protection products, we also produce certain plant growth/spreader products which provide the nutrients to plants for growth. The products include amino acids, gibberellic acid 0.001%L, seaweed extract.

Our major focus is on exports. We export our Products to more than 60 countries including Argentina, Belgium, Egypt, Ghana, Indonesia, Jordan, Malaysia, Nicaragua, Philippines, South Africa, Tunisia, Ukraine, Australia, Brazil, Europe, Hamburg, Iran, Kenya, Mexico, Nigeria, Poland, Turkey, Vietnam, Bangkok, China, France, Zimbabwe, Israel, Korea, Pakistan, Saudi Arabia, Taiwan, Uganda, Thailand, UK, Bangladesh, Colombia, Germany, Hongkong, Istanbul, Kyrgyzstan, New Zealand, Peru, Singapore, Middle East.

Domestically we cater to the customers all over India with our extensive dealership, stockist network and skilled field sales force. We have established more than 100 branded formulations in 20 states within India. We have more than 5000 dealers across India. We have 21 stock points across India. Our team's ability to identify customer's requirement, to provide world class service, ready responsiveness and proactive approach has helped our Company to gain trust of respected clients across the Globe. We have been exporting our products worldwide to various countries, thus traversing



many boundaries. We have been participating in all important agrochemical exhibitions to showcase our products and to understand customer's requirements.

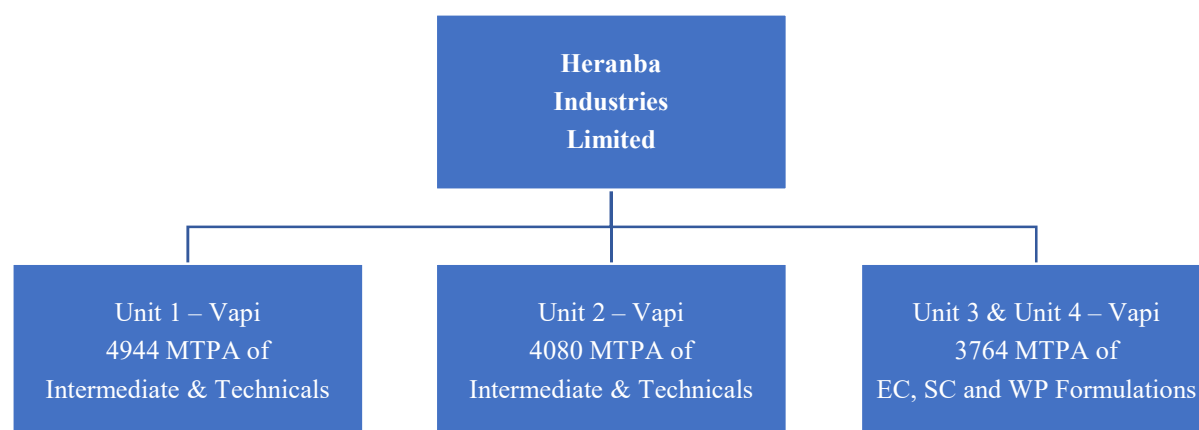
We have a full-fledged registration department with qualified personnel and data support as per GLP standards to meet each country's regulatory requirements. We have obtained products registrations in many countries.

Our product range is aimed at improving crop productivity, crop health, public health with an objective of providing innovative products to farmers to maximise their farm output and same is the outcome of our research and product development divisions.

We have consistently expanded our facilities, capacities and product mix investing in increasingly advanced technology and at the same time in the ongoing development and upgradation of products and processes that comply with the international standards and demands. Our quality control and research and development facility is well equipped with advanced equipment for chemical analysis, process design and thorough quality control. Every aspect of purchase, manufacturing and marketing revolves around the performance of the product, and we follow the "Zero Defect policy".

All the domestic branded products are sold and distributed during the agricultural seasons, Kharif and Rabbi crop periods. Hence these are seasonal products sold mainly during May to September and January to March. In other months there are more of exports.

We have four fully integrated and modern manufacturing facilities with an In-house R&D facility for product development and improvisation. All 4 facilities are in the industrial belt of "Vapi", which is a prime Industrial Township in Gujarat, at a distance of 180 km from Mumbai. These facilities offer a range of Crop Protection chemicals, Public Health and Animal Health solutions. Our Company has a multi-product set up at four different sites/units in Vapi.



**UNIT 1:** This is our first manufacturing facility with the initial installed capacity of 1320 MTPA of Cypermethric Acid Chloride which is the basic intermediate used in the manufacture of technical grade synthetic pyrethroids. Subsequently the down stream Technical products like Cypermethrin, Deltamethrin, Alphacypermethrin, Lambda Cyhalothrin and Permethrin were established in this plant. Apart from these Pyrethroid products some other Technical products like Acephate, Glyphosate, Temephos, Profenophos, etc. were introduced mostly for catering to our formulated branded products which are distributed all over the country in the Farm sector as well as for export requirements. The current capacity of Unit 1 is 4944 MTPA of Intermediate & Technical products.

**UNIT 2:** (Export Oriented Unit) It has an installed capacity of 4080 MTPA of Cypermethric Acid Chloride, Cypermethric Acid, Cypermethrin and Alpha Cypermethrin per annum. This plant manufactures high quality derivatives of Cypermethric Acid Chloride as per customer's requirement.

**UNIT 3:** It is ISO 9001-2008 certified ultra-modern formulation unit, meeting the requirement of the EC (Emulsifiable Concentrate), SC (Suspension Concentrate) and WP (Wettable powders) formulations to cater to the local Indian market as well as for export also offering toll manufacturing facility. Unit 3 produces mostly liquid formulations with filling and packing lines.

**UNIT 4:** This unit produces only powder formulations and these formulated products are packed in Heranba's Brands, each product in a particular brand name in various pack sizes as per the required dosage for each crop per acre.

Our manufacturing facilities are well equipped with modern equipment, adhering to safety and environmental standards. All the units have fully equipped Quality Control laboratory to check the quality of Input materials, In-Process materials and finished goods. Our manufacturing & packing facilities are fully equipped for:

- Liquid Formulations
- Liquid Packing
- Powder Formulations of SP's & WDP's.
- Powder Packing
- Granular Formulation.
- Granular Packing
- Suspensions concentrate formulation.

We have expertise on all the key chemical reactions on commercial scales. Presently engaged in the following process:

- |                  |                     |                  |                |
|------------------|---------------------|------------------|----------------|
| ➤ Ammonolysis    | ➤ Condensation      | ➤ Cyanation      | ➤ Cyclisation  |
| ➤ Esterification | ➤ Favorski Reaction | ➤ Friedel Crafts | ➤ Halogenation |
| ➤ Hydrolysis     | ➤ Isomerisation     | ➤ Methoxylation  | ➤ Sulphonation |

Currently we have 4 manufacturing units in Vapi, while our head office and marketing office is situated in Mumbai and registered office is situated in Vapi.

We have an internal facility for treatment of the waste generated at our UNIT 1, 2 and 3 through our ETPs. We are constantly innovating and evolving to ensure that minimal waste and effluent is generated and our efforts regularly yield positive and environment friendly results. Effluent norms are maintained strictly as per government prescribed rules and in-house technicians monitor the same on a continuous basis.

#### **Our Competitive Strengths**

- We manufacture wide range of products.
- Awards & Recognition
- Technical Capabilities
- Proven track record of our Company and our Promoters
- Strategic Location of manufacturing facilities

#### **Our Business Strategy**

- Increase in market share
- Market development:
- Entering into US and Europe Markets
- Technical and Marketing Collaboration
- Innovation and Product Development
- Strengthening our position in Public Health Products

#### **Significant Factors Affecting our Results of Operations**

Our results operations and financial condition are affected by a number of important factors including:

##### **Industry specific policies**

We operate in highly regulated industry. Any changes in any regulation relating to our industry can affect our operations. Our operations are highly impacted by any changes in The Insecticides Act, 1968 and Insecticides Rules, 1971. We, as on date, have the requisite permission to conduct our business. We need to apply and get the requisite permission before we can launch a new product. Thus, our ability to introduce is dependent on the getting the requisite permission in time.

##### **Availability of product**

Most of crop diseases/ pest infestation are highly epidemic in nature resulting in excessive demand of a particular plant protection chemical. Thus, our sales are dependent on the availability of products in demand with our dealer and distributors. Any unavailability of our product or our inability to meet the demand for a long period could impact our sales.

#### **Our ability to source the critical raw material**

Raw materials account for our major manufacturing cost. Our profitability is dependent on prices at which we procure these Technical products. Our sale is also dependent on our ability to procure these raw materials at the shortest possible notices.

#### **Fluctuating foreign exchange rates**

We are subject to currency exchange rate exposures as we transact a significant portion of our business in various foreign currencies, primarily, the US Dollars, Euros and Great Britain Pounds. Foreign exchange fluctuation affects both our revenues and expenditures. To this extent, the revenues and expenditures will be higher or lower depending on the prevalent foreign exchange rates. A depreciating Rupee against the foreign currencies may have an adverse effect on our expenses and an appreciating Rupee may adversely affect our external sales earnings. Our management typically monitors our foreign currency exposure periodically, however, there can be no assurance that the measures adopted by our management would at all times be adequate to cover us from any losses arising out of fluctuations in foreign exchange rates. Also, see, “Risk Factors – *We are subject to risks arising from foreign exchange rate movements*” on page 27 of the Draft Red Herring Prospectus.

#### **Ability to obtain registrations**

As a part of our strategy we continue to focus on seeking registrations to increase our portfolio of formulations and technicals. With respect to any new registration, we invest time and money inter alia on identification of generic molecules, registration procedures and fees, trials, various marketing and distribution activities. The launch of a product depends upon our ability to obtain registration in a timely manner or at all as well as on other factors. Accordingly, our profitability, financial condition and market position is dependent on our ability to obtain the necessary registration in a timely manner and to successfully launch and market our products. Also, see, “Risk Factors – *Our ability to introduce new products is dependent on getting the approval for manufacturing and/or selling under Insecticides Act.*” on page 23 of the Draft Red Herring Prospectus.

#### **Seasonal Factor**

All the domestic branded products are sold and distributed during the agricultural seasons, Kharif and Rabbi crop periods. Hence these are seasonal products sold mainly during May to September and January to March. In other months there are more of exports. Our agrochemical activities are heavily dependent on the agricultural industry which, in turn, is subject to soil conditions, climatic conditions, rainfall, seasonal and other weather factors, which make the performance of the agricultural sector as a whole or the levels of production of a particular crop relatively unpredictable. Further, global warming and other changes and fluctuations to weather pattern are being witnessed globally which may make it difficult for us to place reliance on weather forecasts and growth opportunities.

#### **Significant Accounting Policies**

For Significant accounting policies please refer Restated Statement of Significant Accounting Policies, “Annexure IV” beginning under Chapter titled “Financial Statements” on page 168.

## Results of Operations

The following table sets forth selected financial data from the Restated Financial Statements, the components of which are also expressed as a percentage of total income for the periods indicated:

Particulars	For the year ended					
	March 31, 2018		March 31, 2017		March 31, 2016	
	Rs. in Lakhs	% of Total Income	Rs. in Lakhs	% of Total Income	Rs. in Lakhs	% of Total Income
Revenue						
Revenue from Operations	74509.50	99.29%	60781.60	99.59%	53674.62	99.84%
Other Income	531.47	0.71%	250.01	0.41%	84.20	0.16%
<b>Total Revenue (I)</b>	<b>75040.97</b>	<b>100.00%</b>	<b>61031.62</b>	<b>100.00%</b>	<b>53758.82</b>	<b>100.00%</b>
EXPENSES						
Cost of materials consumed	49700.73	66.23%	42391.09	69.46%	36116.59	67.18%
Changes in Inventories of Finished Goods and Work-in-Progress	674.30	0.90%	-542.72	-0.89%	1208.52	2.25%
Excise Duty on Finished Goods	384.56	0.51%	2558.72	4.19%	2275.82	4.23%
Employee Benefits Expense	3321.00	4.43%	3180.56	5.21%	2977.80	5.54%
Finance Costs	1180.52	1.57%	1236.74	2.03%	1342.88	2.50%
Depreciation and Amortisation Expenses	480.39	0.64%	399.55	0.65%	406.32	0.76%
Other Expenses	11647.88	15.52%	8355.13	13.69%	6648.48	12.37%
<b>Total Expenses (II)</b>	<b>67389.37</b>	<b>89.80%</b>	<b>57579.06</b>	<b>94.34%</b>	<b>50976.41</b>	<b>94.82%</b>
Profit Before Tax	7651.60	10.20%	3452.56	5.66%	2782.41	5.18%
Tax Expense						
Current Tax	2800.00	3.73%	1325.00	2.17%	1095.00	2.04%
Deferred tax (charge) / credit	92.14	0.12%	95.11	0.16%	-0.63	0.00%
<b>Total Tax Expense</b>	<b>2892.14</b>	<b>3.85%</b>	<b>1420.11</b>	<b>2.33%</b>	<b>1094.37</b>	<b>2.04%</b>
Profit for the Year	4759.45	6.34%	2032.44	3.33%	1688.04	3.14%
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified to profit or loss	8.84	0.01%	-135.79	-0.22%	0.00	0.00%
Remeasurement of the net defined benefit liability / asset						
Total other Comprehensive Income	8.84	0.01%	-135.79	-0.22%	0.00	0.00%
<b>Total Comprehensive Income for the year</b>	<b>4768.29</b>	<b>6.35%</b>	<b>1896.65</b>	<b>3.11%</b>	<b>1688.04</b>	<b>3.14%</b>

## **Description of the major components of revenue and expense items: -**

Our total revenue consists of revenue from operations and other income.

### **Revenue**

#### Revenue from Operations

- Revenue from operations comprised revenue generated from sale of products (inclusive of excise duty) and other operating revenue. However sales of FY 2018 are net of GST which was implemented with effect from July 1, 2017.
- Revenue from sale of products comprised sale of manufactured goods. It consists of both domestic and exports revenue.
- Revenue from sale of manufactured goods includes revenue generated from agrochemical business.
- Other operating revenue comprised of export incentive.

#### Other Income

Other Income comprised interest income (includes interest on fixed deposits with Banks, interest on delayed payments and other interest), dividend income, foreign exchange fluctuation gain (net) and miscellaneous income (includes insurance claim, duty drawback, bad debts recovery and miscellaneous income).

### **Expenses**

Expenses comprised of cost of material consumed, excise duty on finished goods, changes in inventories of finished goods and work-in-progress, employee benefits expense, finance cost, depreciation and amortisation expenses and other expenses.

#### Cost of Material Consumed

Cost of Material Consumed include value of raw material inventory at the beginning of the period along with value of raw material purchase during the period less value of raw material inventory at the end of period.

#### Excise Duty on Finished Goods

Excise Duty on Finished Goods includes excise duty paid on manufactured of finished goods.

#### Changes in Inventories of Finished Goods and Work-in-Progress

Changes in Inventories of Finished Goods and Work-in-Progress basically change in the value of finished goods, work in progress at the end of the period.

#### Employee Benefits Expense

Employee Benefits Expense comprised salary, wages, bonus, staff welfare expenses and contribution to provident and other funds.

#### Finance Cost

Finance Cost comprised interest on fixed loans, interest on cash credits, interest on bill discounting, interest on redeemable preference shares and tax thereon and other interest expense.

#### Depreciation and Amortisation Expenses

Depreciation and Amortisation Expenses comprised depreciation on property, plant and equipment.

#### Other Expenses

Other expenses primarily comprised consumption of stores and spares, repair and maintenance to machine, building, vehicles and others, GST, insurance, rent, rates and taxes, bad debt written off, power and fuel, freight, CSR and other miscellaneous expenses.

### Fiscal 2018 compared to Fiscal 2017

Our results of operations for Fiscal 2018 were significantly affected by the following factors:

- 1) Product innovation, branding and distribution: Our Company added Metaphenoxy Benzaldehyde (MPBD), a key intermediate for our own Technical products. This has reduced our cost. We also added technical products like Thiamethoxam and Imidacloprid.
- 2) Implementation of GST has positively affected our business due to input credit availability.
- 3) Good monsoon and Kharif/Rabi season, higher frequency of pest attacks and expansion of cotton acreages worked in favour of agro chemical companies and aided growth.
- 4) With rising pollution concerns the Chinese government has taken strict steps leading to shutdown of many companies and production cuts leading to Chinese export reduction; with reduced imports from China to India, domestic producers got demand improvement. This resulted into prices increase due to demand.

### Revenue

Total income increased by 22.95% to ₹ 75,040.97 lakhs for Fiscal 2018 from ₹61,031.62 lakhs for Fiscal 2017, primarily due to an increase in revenue from operations.

#### Revenue from Operations

Particulars	Year Ended		Year Ended	
	31st March, 2018		31st March, 2017	
	₹ in Lakhs	% of Total Revenue	₹ in Lakhs	% of Total Revenue
<b>Revenue (Gross Sale)</b>				
India	37,758.00	50.68%	39,506.27	65.00%
Oversees	36,751.50	49.32%	21,275.33	35.00%
<b>Total Revenue</b>	<b>74,509.50</b>	<b>100.00%</b>	<b>60,781.60</b>	<b>100.00%</b>

Revenue from operations increased by 22.59% to ₹ 74,509.50 lakhs for Fiscal 2018 from ₹60,781.60 lakhs for Fiscal 2017 primarily due to increase in overseas sale by 72.74% to ₹36,751.50 lakhs for Fiscal 2018 from ₹21,275.33 lakhs for Fiscal 2017.

#### A. Sale of products (including excise duty) for manufactured goods: -

Revenue from the sale of products (including excise duty) for manufactured goods increased by 23.62% to ₹ 73,816.08 lakhs for Fiscal 2018 from ₹ 59,714.25 lakhs for Fiscal 2017, primarily as a result of addition of technical products like Thiamethoxam and Imidacloprid, good monsoon and Kharif/Rabi season, higher frequency of pest attacks and expansion of cotton acreages worked in favour of agro chemical companies and aided growth. China impact also added to growth in sales as detailed above.

#### B. Other Operating Income: -

Our other operating income decreased by 35.03% to ₹ 693.42 lakhs for Fiscal 2018 from ₹1,067.36 lakhs for Fiscal 2017, primarily as a result of an decrease in advance licence received by 76.74% to ₹166.39 lakhs for Fiscal 2018 from ₹715.45 lakhs for Fiscal 2017. However the same of partially offset by duty drawback increase by 49.77% to ₹ 527.04 lakhs for Fiscal 2018 from ₹351.91 lakhs for Fiscal 2017 due to increase in overseas sale by 72.74% to ₹36,751.50 lakhs for Fiscal 2018 from ₹21,275.33 lakhs for Fiscal 2017.

#### Other Income

Other income increased by 112.58% to ₹ 531.47 lakhs for Fiscal 2018 from ₹ 250.01 lakhs for Fiscal 2017. The increase was primarily due to increase in Foreign Exchange Fluctuation Gain (Net) by 415.75% to ₹379.82 lakhs for Fiscal 2018 from ₹73.65 lakhs for Fiscal 2017.

### **Expenses**

Total expenses increased by 17.04% to ₹67,389.37 lakhs for Fiscal 2018 from ₹57,579.06 lakhs for Fiscal 2017.

#### **Cost of materials consumed**

Cost of materials consumed increased by 17.24% to ₹ 49,700.73 lakhs for Fiscal 2018 from ₹ 42,391.09 lakhs for Fiscal 2017. Such increase was primarily a result of expenses incurred to purchase higher volumes of raw materials which is 13.88% more in Fiscal 2018 in compared to Fiscal 2017.

#### **Changes in Inventories of Finished Goods and Work-in-Progress**

During fiscal 2018 there was decrease in inventory of ₹ 674.30 lakhs from an increase in inventory of ₹ 542.72 lakhs for Fiscal 2017, primarily attributable to correcting the increased inventory carried over from the prior period.

#### **Excise Duty on Finished Goods**

Excise duty on finished goods decreased by 84.97% to ₹ 384.56 lakhs for Fiscal 2018 from ₹ 2,558.72 lakhs for Fiscal 2017, these decrease was primarily due to the applicable of Goods and Service Tax from July 01, 2018.

#### **Employee Benefits Expense**

Employee benefits expense increased by 4.42% to ₹ 3,321.00 lakhs for Fiscal 2018 from ₹ 3,180.56 lakhs for Fiscal 2017. Increase in employee benefits expense primarily reflected an increase in salaries, wages, bonus and other allowances by 1.54% to ₹ 3097.24 lakhs for Fiscal 2018 from ₹ 3050.16 lakhs for Fiscal 2017, an increase in contributions to provident and other funds to ₹117.20 lakhs for Fiscal 2018 from ₹41.33 lakhs for Fiscal 2017, and an increase in staff welfare expenses by 19.65% to ₹ 106.56 lakhs for Fiscal 2018 from ₹ 89.06 lakhs for Fiscal 2017.

#### **Finance Costs**

Finance costs decreased by 4.55% to ₹ 1,180.52 lakhs for Fiscal 2018 from ₹ 1,236.74 lakhs for Fiscal 2017, primarily reflecting decrease in interest on fixed loans by 17.16% to ₹ 496.17 lakhs for Fiscal 2018 from ₹ 598.93 lakhs for Fiscal 2017, interest on cash credit increased by 17.14% to ₹ 410.30 lakhs for Fiscal 2018 from ₹ 350.28 lakhs for Fiscal 2017, interest on bill discounting decreased by 29.76% to ₹49.74 lakhs for Fiscal 2018 from ₹70.82 for Fiscal 2017, and also other interest expense increased by 3.56% to ₹220.68 lakhs for Fiscal 2018 from ₹213.09 lakhs for Fiscal 2017. The overall decrease was primarily due to decrease in interest on bill discounting and interest on fixed loans.

#### **Depreciation and Amortisation Expenses**

Depreciation and amortization expense increased by 20.23% to ₹ 480.39 lakhs for Fiscal 2018 from ₹399.55 lakhs for Fiscal 2017, increased in depreciation and amortisation expenses was due to addition to fixed assets of ₹ 1323.04 Lakhs in Fiscal 2018.

#### **Other Expenses**

Other expenses increased by 39.41% to ₹11,647.88 lakhs for Fiscal 2018 from ₹8,355.13 lakhs for Fiscal 2017, primarily as a result of increases in consumption of stores and spares by 102.11% to ₹2,369.15 lakhs from ₹1,172.21 lakhs, an increase in repair and maintenance of machinery, building, vehicle and others by 134.17% to ₹ 729.08 lakhs for Fiscal 2018 from ₹ 311.08 lakhs for Fiscal 2017, an increase in power and fuel expense by 30.85% to ₹2,797.52 lakhs for Fiscal 2018 from ₹2,137.95 lakhs for Fiscal 2017, an increase in bad debts written off by 72.45% to ₹1,022.91 lakhs for Fiscal 2018 from ₹593.18 lakhs for Fiscal 2017, and an increase in other expenses by 39.17% to ₹2,716.68 lakhs for Fiscal 2018 from ₹1,952.07 lakhs for Fiscal 2017.

**Income tax expense**

Total income tax expense increased to ₹2,892.14 lakhs for Fiscal 2018 from ₹1,420.11 lakhs for Fiscal 2017, primarily as a result of an increase in profit for the period before tax which resulted in an increase in current tax to ₹ 2,800.00 lakhs for Fiscal 2018 from ₹ 1,325.00 lakhs for Fiscal 2017 and a deferred tax credit of ₹92.14 lakhs for Fiscal 2018 compared to a deferred tax credit of ₹95.11 lakhs for Fiscal 2017.

**Profit for the year after tax**

Profit for the year after tax increased by 134.17% to ₹4,759.45 lakhs for Fiscal 2018 from ₹2,032.44 lakhs for Fiscal 2017 for the reasons stated above. The PAT margin for Fiscal 2018 was 6.34% and it was 3.33% for Fiscal 2017. Our Company added Metaphenoxy Benzaldehyde (MPBD), a key intermediate for our own Technical products. This has reduced our cost. Good monsoon and Kharif/Rabi season, higher frequency of pest attacks and expansion of cotton acreages worked our favour. Further restrictions imposed by Chinese government leading to shutdown of many companies and production cuts and Chinese export reduction; with reduced imports from China to India, domestic producers got demand improvement. This led to increased plant utilization and better operational leverage. That created a shortage of technicals in the market, thereby resulting in increase in selling prices.

**Fiscal 2017 compared to Fiscal 2016****Revenue**

Total income increased by 13.53% to ₹61,031.62 lakhs for Fiscal 2017 from ₹53,758.82 lakhs for Fiscal 2016, primarily due to an increase in revenue from operations.

**Revenue from Operations**

(₹ in Lakhs)

Particulars	Year Ended		Year Ended	
	31st March, 2017		31st March, 2016	
	₹ in Lakhs	% of Total Revenue	₹ in Lakhs	% of Total Revenue
<b>Revenue (Gross Sale)</b>				
India	39,506.27	65.00%	35,907.63	66.90%
Overseas	21,275.33	35.00%	17,766.99	33.10%
<b>Total Revenue</b>	<b>60,781.60</b>	<b>100.00%</b>	<b>53,674.62</b>	<b>100.00%</b>

Revenue from operations increased by 13.24% to ₹ 60,781.60 lakhs for Fiscal 2017 from ₹53,674.62 lakhs for Fiscal 2016 primarily due to increase in overseas sale by 1.90% to ₹21,275.33 lakhs for Fiscal 2017 from ₹17,766.99 lakhs for Fiscal 2016.

**A. Sale of products (including excise duty) for manufactured goods: -**

Revenue from the sale of products (including excise duty) for manufactured goods increased by 12.43% to ₹ 59,714.25 lakhs for Fiscal 2017 from ₹53,114.24 lakhs for Fiscal 2016.

**B. Other Operating Income: -**

Our other operating income increased by 90.47% to ₹ 1,067.36 lakhs for Fiscal 2017 from ₹560.38 lakhs for Fiscal 2016, primarily as a result of an increase in export incentives.

**Other Income**

Other income increased by 196.93% to ₹ 250.01 lakhs for Fiscal 2017 from ₹ 84.20 lakhs for Fiscal 2016. The increase was primarily due to increase in interest income by 49.96% to ₹164.97 lakhs for Fiscal 2017 from ₹110.01 lakhs for Fiscal 2016 and also due to increase in foreign exchange fluctuation gain (net) by 383.23% to ₹73.65 lakhs for Fiscal 2017 from ₹(26.00) lakhs for Fiscal 2016.



## **Expenses**

Total expenses increased by 12.95% to ₹57,579.06 lakhs for Fiscal 2017 from ₹50,976.41 lakhs for Fiscal 2016.

### Cost of materials consumed

Cost of materials consumed increased by 17.37% to ₹ 42,391.09 lakhs for Fiscal 2017 from ₹ 36,116.59 lakhs for Fiscal 2016. Such increase was primarily a result of expenses incurred to purchase higher volumes of raw materials which is 28.03% more in Fiscal 2017 in compared to Fiscal 2016.

### Changes in Inventories of Finished Goods and Work-in-Progress

Changes in inventories of finished goods and stock-in-trade and work-in-progress changed to a increase of ₹ 542.72 lakhs for Fiscal 2017 from an decrease of ₹ 1,208.52 lakhs for Fiscal 2016, primarily attributable to correcting the decreased inventory carried over from the prior period.

### Excise Duty on Finished Goods

Excise duty on finished goods increased by 12.43% to ₹ 2,558.72 lakhs for Fiscal 2017 from ₹ 2,275.82 lakhs for Fiscal 2016 due to increase in production as cost of material consumed has increased.

### Employee Benefits Expense

Employee benefits expense increased by 6.81% to ₹ 3,180.56 lakhs for Fiscal 2017 from ₹ 2,977.80 lakhs for Fiscal 2016. The increase in employee benefits expense primarily reflected an increase in salaries, wages, bonus and other allowances by 10.05% to ₹ 3050.16 lakhs for Fiscal 2017 from ₹ 2,771.52 lakhs for Fiscal 2016, a decrease in contributions to provident and other funds by 68.23% to ₹41.33 lakhs for Fiscal 2017 from ₹130.09 lakhs for Fiscal 2016, and an increase in staff welfare expenses by 16.89% to ₹ 89.06 lakhs for Fiscal 2017 from ₹ 76.19 lakhs for Fiscal 2016.

### Finance Costs

Finance costs decreased by 7.90% to ₹ 1,236.74 lakhs for Fiscal 2017 from ₹ 1,342.88 lakhs for Fiscal 2016, primarily reflecting decrease in interest on cash credit by 24.34% to ₹ 350.28 lakhs for Fiscal 2017 from ₹ 462.98 lakhs for Fiscal 2016, interest on bill discounting increased by 89.90% to ₹70.82 lakhs for Fiscal 2017 from ₹ 37.29 for Fiscal 2016, and also other interest expense decreased by 14.28% to ₹213.09 lakhs for Fiscal 2017 from ₹248.60 lakhs for Fiscal 2016, primarily due to decrease in interest on cash credits and other interest expense which results in overall decrease in finance costs.

### Depreciation and Amortisation Expenses

Depreciation and amortization expense decreased by 1.67% to ₹ 399.55 lakhs for Fiscal 2017 from ₹406.32 lakhs for Fiscal 2016, decreased in depreciation and amortisation expenses was due to addition of fixed assets of ₹ 492.73 lakhs during Fiscal 2017.

### Other Expenses

Other expenses increased by 25.67% to ₹8,355.13 lakhs for Fiscal 2017 from ₹6,648.48 lakhs for Fiscal 2016, primarily as a result of increases in consumption of stores and spares by 62.45% to ₹1,172.21 lakhs for Fiscal 2017 from ₹721.57 lakhs for Fiscal 2016, an increase in repair and maintenance of building by 100.00% to ₹81.20 lakhs for Fiscal 2017 from ₹0.00 lakhs for Fiscal 2016, a decrease in power and fuel expense by 0.44% to ₹2,137.95 lakhs for Fiscal 2017 from ₹2,147.35 lakhs for Fiscal 2016, an increase in bad debts written off by 100.00% to ₹593.18 lakhs for Fiscal 2017 from ₹0.00 lakhs for Fiscal 2016, and an increase in other expenses by 23.77% to ₹1,952.07 lakhs for Fiscal 2017 from ₹1,577.19 lakhs for Fiscal 2016.

## **Income tax expense**

Total income tax expense increased to ₹1,420.11 lakhs for Fiscal 2017 from ₹1,094.37 lakhs for Fiscal 2016, primarily as a result of an increase in profit for the period before tax which resulted in an increase in current tax to ₹ 1,325.00 lakhs for Fiscal 2017 from ₹ 1,095.00 lakhs for Fiscal 2017 and a deferred tax credit of ₹95.11 lakhs for Fiscal 2017 compared to a deferred tax charge of ₹(0.63) lakhs for Fiscal 2016.

### Profit for the year after tax

Profit for the year after tax increased by 20.40% to ₹2,032.44 lakhs for Fiscal 2017 from ₹1,688.40 lakhs for Fiscal 2016 for the reasons stated above. The PAT margin for Fiscal 2017 was 3.33% and it was 3.14% for Fiscal 2016.

### Financial Condition

#### Total Assets

The table below sets forth the principal components of our total assets as at the dates specified:

(₹ in Lakhs)

Particulars	As at		
	March 31, 2018	March 31, 2017	March 31, 2016
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4,668.28	3,823.86	3,732.80
Capital work-in-progress	116.15	20.97	20.97
Investment property	0.00	0.00	0.00
Goodwill	0.00	0.00	0.00
Intangible assets	0.00	0.00	0.00
Financial assets			
(i) Investments	2.29	3.51	3.56
(ii) Other Financial Assets	624.23	810.42	719.97
Current tax assets (Net)	0.00	140.59	198.65
Deferred tax assets (Net)	0.00	0.00	0.00
Other non-current assets	2,234.52	820.94	625.51
<b>Total Non-Current Assets</b>	<b>7,645.48</b>	<b>5,620.29</b>	<b>5,301.45</b>
<b>Current Assets</b>			
Inventories	9,399.78	9,835.70	7,806.52
Financial assets	0.00	0.00	0.00
(i) Trade Receivables	20,308.25	12,411.87	14,412.21
(i) Cash and cash equivalents	1,177.65	1,031.94	1,090.06
(ii) Other financial assets	149.00	124.99	106.05
Other current assets	6,410.41	3,066.12	3,748.34
<b>Total Current Assets</b>	<b>37,445.09</b>	<b>26,470.62</b>	<b>27,163.18</b>
<b>Total Assets</b>	<b>45,090.57</b>	<b>32,090.91</b>	<b>32,464.63</b>

Our Non-Current assets mainly consists of Property, Plant and Equipment and capital work in progress. Our current financial assets mainly consist of trade receivables.

#### Total Shareholders' Equity and Liabilities

A summary of our shareholder's equity and liabilities as at the specified dates are set out below:

(₹ in lakhs)

Particulars	As at		
	March 31, 2018	March 31, 2017	March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	781.13	781.13	781.13
Other equity	14,979.50	10,822.32	9,068.55
<b>Total Equity</b>	<b>15,760.63</b>	<b>11,603.45</b>	<b>9,849.68</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	25.12	40.75	66.07

(ii) Other Financial Liabilities	522.26	443.64	369.84
Provisions	18.06	32.48	0.00
Deferred Tax Liabilities	375.02	282.87	187.76
<b>Total Non-Current Liabilities</b>	<b>940.45</b>	<b>799.75</b>	<b>623.67</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	7,574.21	8,385.54	9,527.83
(ii) Trade payables	17,841.94	9,679.17	9,780.29
(iii) Other Financial Liabilities	701.61	382.35	881.69
Current tax Liabilities (Net)	1,294.76	367.32	811.33
Other current liabilities	493.58	510.52	736.45
Provisions	483.38	362.81	253.68
<b>Total Current Liabilities</b>	<b>28,389.49</b>	<b>19,687.71</b>	<b>21,991.28</b>
<b>Total Liabilities</b>	<b>29,329.94</b>	<b>20,487.46</b>	<b>22,614.95</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>45,090.57</b>	<b>32,090.91</b>	<b>32,464.63</b>

Short term Borrowings represent working capital demand loans, cash credit and packing credit. These loans were granted by banks and are secured in nature. Secured short term borrowings decreased from ₹ 9401.91 lakhs as at March 31, 2016 to ₹ 7553.47 Lakhs as at March 31, 2018. Short term borrowings also includes unsecured loans from shareholders/directors.

#### Summary of Cash Flows

(₹ in lakhs)

Particulars	Year ended	Year ended	Year ended
	31.03.18	31.03.17	31.03.16
Net cash flow from operating activities	5,194.70	3,047.64	1,646.40
Net cash flow from investing activities	-2,468.62	-602.20	-724.42
Net cash flow from financing activities	-2,580.37	-2,503.56	-796.01
Net increase in cash and cash equivalents	<b>145.72</b>	<b>-58.12</b>	<b>125.97</b>
Add: Balance at the beginning of the year	1,031.94	1,090.06	964.09
Cash and cash equivalents at the end of the year	<b>1,177.65</b>	<b>1,031.94</b>	<b>1,090.06</b>

#### Net Cash Flow from Operating Activities

Our net cash generated from operating activities for Fiscal 2018 was ₹ 5,194.70 lakhs, which was primarily due to operating profit before working capital changes of ₹ 10,246.17 lakhs and an increase in trade payables of ₹ 8,611.63 lakhs, increase in trade receivables of ₹ 12,367.05 lakhs and decrease in inventories of ₹ 435.92 lakhs.

Our net cash generated from operating activities for Fiscal 2017 was ₹ 3,047.64 lakhs, which was primarily due to operating profit before working capital changes of ₹ 5,758.36 lakhs and a decrease in trade receivables of ₹ 1,682.21 lakhs, decrease in trade payables of ₹ 652.80 lakhs and increase in inventories of ₹ 2,029.18 lakhs.

Our net cash generated from operating activities for Fiscal 2016 was ₹ 1,646.40 lakhs, which was primarily due to operating profit before working capital changes of ₹ 4,535.55 lakhs and an increase in trade receivables of ₹ 2,078.72 lakhs, decrease in trade payables of ₹ 2,770.44 lakhs and decrease in inventories of ₹ 3,052.63 lakhs.

#### Net Cash Flow from Investing Activities

Our net cash used in investing activities for Fiscal 2018 was ₹ 2,468.62 lakhs, which was primarily due increase in capital advance of ₹ 1,413.58 lakhs, decrease in deposits with maturity of more than three months of ₹ 200.82 lakhs and purchase of fixed assets, including capital work -in- progress (net) of ₹ 1,419.00 lakhs.

Our net cash used in investing activities for Fiscal 2017 was ₹ 602.20 lakhs, which was primarily due increase in capital advance of ₹ 195.54 lakhs, increase in deposits with maturity of more than three months of ₹ 79.55 lakhs and purchase of fixed assets, including capital work -in- progress (net) of ₹ 490.60 lakhs.

Our net cash used in investing activities for Fiscal 2016 was ₹ 724.42 lakhs, which was primarily due increase in capital advance of ₹ 319.58 lakhs, increase in deposits with maturity of more than three months of ₹ 97.72 lakhs and purchase of fixed assets, including capital work -in- progress (net) of ₹ 448.90 lakhs.

#### Net Cash Flow from Financing Activities

Our net cash used in financing activities for Fiscal 2018 was ₹ 2580.37 lakhs, which was due to ₹ 1,142.30 lakhs used for finance cost paid, ₹ 611.11 lakhs used for dividend paid and ₹ 826.96 lakhs for repayment of long term and short-term borrowings.

Our net cash used in financing activities for Fiscal 2017 was ₹ 2503.56 lakhs, which was due to ₹ 1,194.92 lakhs used for finance cost paid, ₹ 141.03 lakhs used for dividend paid and ₹ 1,167.61 lakhs for repayment of long term and short-term borrowings.

Our net cash used in financing activities for Fiscal 2016 was ₹ 796.01 lakhs, which was due to ₹ 1,302.51 lakhs used for finance cost paid, ₹ 308.80 lakhs used for dividend paid and ₹ 815.30 lakhs from acceptance of long term and short-term borrowings.

#### **Contingent Liabilities**

The total of our contingent liabilities as at March 31, 2018 was ₹ 4,731.79 lakhs.

#### **Related Party Transactions**

For details in relation to related party transactions, see “*Related Party Transactions*” on page 166.

#### **Non-GAAP Financial Measures**

In evaluating our business, we consider and use non-GAAP financial measures such as Total Operating Expense, EBITDA and EBITDA margin to review and assess our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. We have included Total Operating Expense, EBITDA and EBITDA margin of our Company because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in the same industry. Total Operating Expense, EBITDA and EBITDA margin of our company should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with Ind AS. We believe that the inclusion of supplementary adjustments applied in the presentation of Total Operating Expense, EBITDA and EBITDA margin of our Company are appropriate because it is a more indicative measure of our baseline performance as it excludes certain charges that the Company’s management considers to be outside its core operating results. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the Restated Ind AS Summary Statement of Assets and Liabilities or Restated Indian GAAP Summary Statement of Assets and Liabilities included in this Draft Red Herring Prospectus. Investors should read this information in conjunction with the Restated Ind AS Summary Statement of Assets and Liabilities and Restated Indian GAAP Summary Statement of Assets and Liabilities included elsewhere in this Draft Red Herring Prospectus.

The following table sets forth our Total Operating Expense, EBITDA and EBITDA margin for the periods indicated therein.

#### **Reconciliation of EBITDA & EBITDA Margin to Total Comprehensive Income**

(₹ in lakhs, except for percentage)

Particulars	31.03.2018	31.03.2017	31.03.2016
Total Comprehensive Income for the year	4768.29	1896.65	1688.04
Add: -			

Total Tax Expense	2892.14	1,420.11	1,094.37
Depreciation	480.39	399.55	406.32
Finance Cost	1180.52	1,236.74	1,342.88
Less: -			
Other Comprehensive Income	8.84	-135.79	0.00
Other Income	531.47	250.01	84.20
EBITDA(A)	<b>8781.04</b>	<b>4838.83</b>	<b>4447.41</b>
Revenue from Operation(B)	74509.50	60781.60	53674.62
EBITDA Margin (%) (A/B)	<b>11.79%</b>	<b>7.96%</b>	<b>8.29%</b>

### Computation of Total Operating Expense

Particulars	31.03.2018	31.03.2017	31.03.2016
Cost of materials consumed	49700.73	42391.09	36116.59
Changes in Inventories of Finished Goods and Work-in-Progress	674.30	-542.72	1208.52
Excise Duty on Finished Goods	384.56	2558.72	2275.82
Employee Benefits Expense	3321.00	3180.56	2977.80
Other Expenses	11647.88	8355.13	6648.48
<b>Total Operating Expense</b>	<b>65728.46</b>	<b>55942.77</b>	<b>49227.21</b>

### Quantitative and Qualitative Disclosure on Market Risk

Market risk is the potential loss arising from changes in market rates and market prices. Our primary market risk are as follows: -

#### Commodity Risk

We are exposed to the price risk associated with purchasing our raw materials, which form the highest component of our expenses. We typically do not enter into formal arrangements with our vendors. Therefore, fluctuations in the price and availability of raw materials may affect our business and results of operations. We do not currently engage in any hedging activities against commodity price risk. For further information, see “Risk Factors – Internal Risk Factors - *Raw materials constitute a significant percentage of our Company’s total expenses. Any increase in prices and any decrease in the supply would materially adversely affect our Company’s business*” on page 24.

### 9) Financial Risk Management Objectives and Policies

The Company’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's senior management oversees management of these risks. The Company’s focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

#### iv. Market Risk

##### a) Foreign currency risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices etc. The company operations involve foreign exchange transactions including mainly import, export, packing credit facilities and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to US\$. Foreign currency risk arises from future commercial transactions and recognised in assets and liabilities denominated in foreign currency that is not company's functional currency. (i.e. INR). The risk is measured through forecast of highly probable foreign currency cash flow.

No derivative instrument was outstanding at the end of the year.

Uncovered risks in foreign currency transactions disclosed as at:

( ₹ in Lakhs)

Particulars	31.03.18	31.03.17	31.03.16
Borrowing (PCFC)	1,224.46	435.82	433.48
Trade Receivable	8,348.37	4203.47	3912.89
Trade Payable	3203.72	1952.95	1007.65

## Sensitivity

A change of 5% in Foreign currency would have following Impact on profit before tax.

(₹ in Lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
	5% Increase	5% Decrease	5% Increase	5% Decrease	5% Increase	5% Decrease
USD (Recivables)	6.37	-6.37	3.16	-3.16	2.95	-2.95
USD (Payables)	-1.81	1.81	-1.45	1.45	-0.75	0.75
Increase/(Decrease) in Profit or loss	<b>4.56</b>	<b>-4.56</b>	<b>1.71</b>	<b>-1.71</b>	<b>2.20</b>	<b>-2.20</b>

**b) Interest rate risk**

Long-term borrowings of the Company bear fixed interest rate, thus interest rate risk is limited for the Company.

**c) Other Market Price Risk**

The company is exposed to Equity price risk, which arises from FVTPL of Equity securities. The company has a very insignificant portion of amount invested in quoted equity securities. The management monitors the proportion of quoted equity instruments in its investment portfolio based on market indices.

**v. Credit Risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Trade and Other Receivables:

The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, classification of customer, ageing of the customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision for past due receivables beyond 90 days ranging between 10-11 % after reckoning the underlying collaterals. Besides, based on the expected credit loss model the Company also provides 2% allowances for receivables not due and past due upto 90 days except export receivables, if any.

Summary of company's exposure to credit risk by age of the outstanding from various customers is as follows:

(₹ in Lakhs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Not due and past due upto 90 days	18,885.29	12,802.63	13,423.64
Past due more than 90 days	3,478.36	2,597.70	3,119.88
Total	22,363.65	15,400.33	16,543.53
Less: Impairment Allowance	582.37	531.69	154.15
<b>Total</b>	<b>21,781.27</b>	<b>14,868.65</b>	<b>16,389.37</b>

Expected credit loss assessment for customers as at 1 April 2016, 31 March 2017 and 31 March 2018.

**vi. Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities to meet the obligations when due.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company manages its liquidity risk by preparing month on month cash flow projections to monitor liquidity requirements.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

( ₹ in Lakhs)			
Particulars	Less than 1 year	1 to 5 years	Total
<b>Year Ended 31st March 2018</b>			
Borrowing	7,574.21	25.12	7,599.33
Trade Payable	17,841.94	0.00	17,841.94
Other Financial Liabilities	701.61	522.26	1,223.87
<b>Year Ended 31st March 2017</b>			
Borrowing	8,385.54	40.75	8,426.29
Trade Payable	9,679.17	0.00	9,679.17
Other Financial Liabilities	382.35	443.64	825.99
<b>Year Ended 31st March, 2016</b>			
Borrowing	9,527.83	66.07	9,593.90
Trade Payable	9,780.29	0.00	9,780.29
Other Financial Liabilities	881.69	369.84	1,251.53

#### Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

#### Known Trends or Uncertainties

Other than as described in the sections "Risk Factors" on page 18 and this "Management's Discussion and Analysis of Financial Condition and Results of Operations", to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

#### Future Relationship between Cost and Revenue

Other than as described in "Risk Factors" on page 18 and this section, there are no known factors that might affect the future relationship between cost and revenue.

#### Competitive conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in the sections "Risk Factors" and "Our Business" on pages 18 and 99, respectively.

#### Significant Developments after March 31, 2018

To our knowledge, except as disclosed below and otherwise disclosed in this Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Red Herring 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.

**Extent to which material increases in net sales or revenue are due to increased 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.

**Total turnover of each major industry segment in which the issuer company operated.**

For details of the industry please refer to Chapter titled “Industry Overview” on page 86.

**Status of any publicly announced new products or business segment.**

Our Company has not announced any new product or business segment.

**The extent to which business is seasonal.**

All the domestic branded products are sold and distributed during the agricultural seasons, Kharif and Rabbi crop periods. Hence these are seasonal products sold mainly during May to September and January to March. In other months there are more of exports. Our agrochemical activities are heavily dependent on the agricultural industry which, in turn, is subject to soil conditions, climatic conditions, rainfall, seasonal and other weather factors, which make the performance of the agricultural sector as a whole or the levels of production of a particular crop relatively unpredictable. Further, global warming and other changes and fluctuations to weather pattern are being witnessed globally which may make it difficult for us to place reliance on weather forecasts and growth opportunities.

**Any significant dependence on a single or few suppliers or customers.**

**Customers’ contribution:**

We are not dependent on single or few suppliers or customers for our sales and purchases.

**Competitive conditions.**

Competitive conditions are as described under the *Chapters titled “Industry Overview” and “Our Business” on pages 86 and 99, respectively.*

**Recent Accounting Pronouncement**

Financial Statements for Fiscal 2018 were prepared as per IND – AS and financial statements for Fiscal 2017 and 2016 were also restated as per IND – AS.



## FINANCIAL INDEBTEDNESS

Our Company utilises various credit facilities from banks for conducting its business. Following is a summary of our Company's outstanding borrowings as on March 31, 2018:

Sr. No.	Nature of Borrowing	Amount (₹ in lakhs)
1.	Secured Borrowings	7553.47
2.	Unsecured Borrowings	20.74
3	Vehicle Loan	16.27
	<b>Total</b>	<b>7590.48</b>

### I. Secured Borrowings

Set forth below is a summary of the outstanding secured borrowings of our Company as on March 31, 2018, together with a brief description of certain significant terms of such financing arrangements:

#### A. Secured Term Loans of our Company

Name of Lender	Type of Loan	Date of Sanction Letter	Amount Sanctioned (₹ in lakhs)	Terms of Re-payment	Amount Outstanding as on March 31, 2018 (₹ in lakhs)	Rate of Interest (%)	Securities Offered
Corporation Bank	Cash Credit	October 25, 2017	5,300.00	Repayable on Demand	4,477.75	13.25% p.a.	
	PCL / PCFC	October 25, 2017	1,400.00	180 days from date of disbursement of loan or shipment date.	1,224.46	PCL for upto 270 days :9.25% p.a., beyond 270 days and upto 360 days :13.65% p.a PCFC (upto 180 days) LIBOR + 275 bps.	
	FDBN/P/D/ PSCFC	October 25, 2017	1,500.00	Sight bills to be paid within normal transit period	--	Usance bills upto 180 days and Demand bills :9.25% p.a. PSCFC : LIBOR + 275 bps	
	Inland/Import LC cum BG cum buyers line of credit	October 25, 2017	1,000.00	For LC :DP/DA(if DA usance not exceeding 150 days for inland LC and 180 days for Import LC	--	Commission : To collect 50% of applicable charges + GST	As stated in point no 1 below
Syndicate Bank (under consortium)	Cash Credit	January 16, 2018	1,850.00	Repayable on Demand	1,851.25	12.45%	As stated in Point I to V

banking arrangement with Corporation Bank)	ILC/FLC/BG/LOC to avail Buyers Credit	January 16, 2018	1,000.00	FLC : 180 days, ILC : 150 days in line with lead bank sanction	--	Applicable Charges	below As stated in Point IV below
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**Security / Guarantee provided for the above loans:**(A) First *pari pasu* charge by way of mortgage over:

- Plot of land admeasuring about 3,342, square meters, of the plot no. 1505, in Vapi industrial notified area, bearing Revenue Survey No. 117/P, 118/P, and 120/P, situated within the limits of Chhiri of Tal- Pardi, Dist- Valsad, Gujarat State;
- Plot of land admeasuring about 2,760, square meters, of the plot no. 1506/1, in Vapi industrial notified area, bearing Revenue Survey No. 117/P, 118/P, and 120/P, situated within the limits of Chhiri of Tal- Pardi, Dist- Valsad, Gujarat State;
- Plot of land admeasuring about 3,638.00 square meters (Consisting of the construction area of 352.80 sq. myrs.), bearing plot no. 1,504, in Vapi industrial notified Area, bearing Revenue Survey No. 117/P, 118/P, and 120/P, situated within the limits of Chhiri of Tal- Pardi, Dist- Valsad, Gujarat State;
- Shed bearing No. A2-2214, on a plot of land bearing Survey No. 115(Pt) and 116 (Pt), admeasuring 1,873 square meters situated at Village Chhiri of Tal- Pardi, of Dist.- Valsad;
- Shed bearing No. A2-2215, on a plot of land bearing Survey No. 115(Pt) and 116 (Pt), admeasuring 809 Square Meters Situated at Village Chhiri of Tal- Pardi, of Dist.- Valsad,
- Land admeasuring about 2,494 square meters bearing Plot No. 1503/1 in Vapi industrial notified area bearing Revenue Survey No. 117/P, 118/P, and 120/P, situated within the limits of Chhiri of Tal- Pardi, Dist- Valsad, Gujarat State;
- Residential Flats (a) admeasuring about 750 square feet carpet area bearing Flat No. 101; and (b) admeasuring about 750 square feet carpet area bearing Flat No. 102, on the 1<sup>st</sup> Floor of the building known as “KANCHANGANGA” constructed on all those pieces and parcels of and admeasuring about 572 Square meters being Nan. S 46, CTS. No. 712,712/1 to 5, bearing Plot No. 130, OP No. 95, Final Plot No. 140 of TPS III, situated at village Eksar of Tal- Borivali, Mumbai Suburban Dist-in the Registration Dist. and Sub-Dist. of Mumbai city and Mumbai Suburban;
- Flat No. 161, admeasuring 795 sq. ft. and Flat No. 163, admeasuring 855 sq. ft. on the 16<sup>th</sup> Floor, B- Wing, in the building known as “SHANTIVAN-B” situated on plot of land bearing survey no. 206 and 207, CTS No. 1448 (2) (P) admeasuring 4,883.63 sq. mtrs. Situate lying and being at Mouje Eksar Village, Borivili (West), Mumbai- 400 092 in the Registration District and Sub – District of Bandra, Mumbai Suburban;
- Flat No. 18-A, admeasuring 1,950 Sq. ft. built up area on the 18<sup>th</sup> Floor, in the Tower-D of “VICEROY PARK” situated on plot of land bearing Survey No. 27, 29, 30, 31 and 38, CTS No. 792/6, 792/7, 792/8, 792/9(new) situated at village: Poisar, Kandivli (East), Taluka: Borivli, Mumbai Suburban District, Mumbai.

(B) First *pari pasu* charge by way of hypothecation over:

- Company's stock-in trade consisting of raw materials, semi-finished and finished goods, stores and spares not relating to the plant and machinery (consumable stores and spares), bills receivable and book debts, all outstanding monies receivables, both present and future whether now lying loose or in cases or which are now lying or stored in during the continuance of the security be brought into or upon or be stored or be in or abut of the Company's factories, premises and godowns;
- All the bank accounts (whether escrow and no lien or otherwise) (excluding such accounts over which other creditors have exclusive security interest) and all estate, right, title, interest, benefits, claims and demands whatsoever of the Company in, to, under and in respect of the bank accounts and all such monies including all cash flows and receivables, cash wherever the same may be lying, cash and credit bank balance, trade deposits, and insurance proceeds which have been deposited / credited / lying in the bank accounts, all records, investments, assets, instruments and securities which represent all amounts in the bank account both present and future.
- All amounts owing to, and received and/or receivable by the Company and/or any persons on its behalf, all books debts, trade receivables, all cash flows and receivables and proceeds arising from, and all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in, to or in respect of all the aforesaid assets, including but not limited to the Company's cash in hand, both present and future.
- The whole of the Company's movable fixed assets present and future including its movable plant and machinery,

equipment, spares, tools and accessories, electrical fittings, furniture and fixtures, information technology systems and installations, vehicle, and other movables, both present and future, whether in the possession or under the control of the Company or not, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security be bought into or upon or be stored or be in or about the Company's factories, premises, office premises and godowns.

(C) Personal guarantee provided by Sadashiv K. Shetty, Raghuram K. Shetty, Sujatha Shetty and Vanita R. Shetty.

There has not been any re-scheduling, prepayment, penalty or default by our Company in respect of the term loan detailed above, until the date of this Draft Red Herring Prospectus.

#### Principal terms of the borrowings availed by us:

1. **Interest:** The interest rate for our facilities is typically either the base rate of a specified lender and plus a specified spread per annum, subject to a minimum interest rate or a fixed interest rate.
2. **Key restrictive covenants:** Until the said facilities or any interest thereon or any cost, charges, expenses or any other monies remain payable hereunder by our Company to the said banks, our Company shall not without the prior written permission of said banks (1) Pay commission to its promoters, directors, managers or other persons for furnishing guarantees, counter-guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained or to be obtained for or by our Company or in connection with any other obligations undertaken for or by our Company; (2) Declare or pay or consider the declaration or payment of any dividend to any of its shareholders, whether equity or preference, during any accounting year except out of profits relating to that year unless our Company has maintained current ratio of 1.25 and paid to said Banks, interest, commitment charges and other monies payable under the agreement up to the date on which dividend is proposed to be declared or has made provisions satisfactory to the said banks for making such payment; (3) Withdraw any amount out of profits generated from the business; (4) Create or permit the creation of any charge or lien on any fixed assets of our Company; (5) Enter into any partnership, profit-sharing or royalty agreement (not including bonus paid to the employees of our Company, royalties payable to foreign collaborators in the amounts or rates specified in agreements approved by the said banks and the central government) or other similar arrangement whereby its income or profits are or might be shared with any other person, firm or company or enter into any management contract or similar arrangement whereby the business and operations of our Company are managed by any person, firm, company; (6) create any charge, lien or encumbrances over its undertakings or over part thereof in favour of any financial institutes / banks / company/ firm or persons; (7) Amend its Memorandum and Articles of Association or alter its capital structure; (8) Approach the capital market for meeting additional resources either in the form of debt or equity; (9) transfer, sell, mortgage, pledge charge or create any lien, lease, leave and license or tenancy or otherwise encumber any of the capital or fixed assets, current assets and all other assets and properties of our Company including machinery stores and machinery spares, both present and future; (10) Revalue its assets at any time during the currency of said facilities; (11) Change of registered office or the location of our Company from that mentioned in the loan application; (12) Allow withdrawal of any unsecured loans or deposits brought in or to be brought in by our Company and, its promoters, collaborators or its majority shareholders for financing the capital cost and the requirement of working capital; (13) Our Company shall not on its own repay any such unsecured loans or deposits so long as any monies remain due by our Company to the said banks; (14) Not to effect any changes in the capital structure of our Company; (15) Not to formulate any scheme of amalgamation or Reconstruction of any kind; (16) Not to implement any scheme of expansion / diversification / modernisation other than incurring routine capital expenditure; or acquire fixed assets; (17) Not to make any corporate investment or investments by way of share capital or debentures or lend or advance funds to or place deposits with, any other concern except give normal trade credits or place on security deposits in the normal course of business or make advances to employees; (18) Not to undertake guarantee obligations on behalf of any third party or any other company; (19) Directly or indirectly purchase, acquire or lease any property, assets or goods from, or sell, transfer, or lease any property, assets or goods to any shareholder, director, officer, agent, employee or any company or body corporate or other body or association of persons in which any one or more of such shareholders, directors, officers, agents or employees of the Borrower has or hold, singly or jointly and directly or indirectly and shall not pay any fee, commission, royalty etc. thereof; (20) Enter into borrowing arrangements either secured or unsecured with any other bank/ financial institutions/ company or otherwise accept deposits; (21) Enter into any long contractual obligation of a long term nature or affecting our Company's financially to a significant extent; (22) Change the practice with regard to remuneration of Directors by means of ordinary remuneration or commission scaling fees etc; (23) Undertake any trading activity by other than the sale of the products manufactured by our Company; (24) our Company shall not remove or dismantle any of the assets

to be comprised in the said security except in any case where such removal or dismantling shall in the opinion of our Company be rendered necessary by reason of the same being worn out, obsolete, discarded, injured, damaged or broken and in such a case will replace those worn out, obsolete, discarded, injured, damaged or broken by others of a similar nature and of at least equal value and shall also whenever necessary renew or replace all such plant and machinery to be used for the purpose of or in connection with the business of our Company when and as the same shall be worn out, obsolete, discarded, injured, damaged or broken.

#### Secured Loans for Purchase of Vehicles

Name of Lender	Date of Sanction Letter	Amount Sanctioned (₹ in lakhs)	Re-payment	Amount Outstanding as on March 31, 2018 (₹ in lakhs)	Rate of Interest (%)	Securities Offered
Corporation Bank	November 28, 2013	53.00	60 equal monthly instalments 1,13,918	16.27	10.50	Secured against Hypothecation of respective vehicle

#### II. Unsecured Borrowings

Following are the details of the unsecured borrowings of our Company as on March 31, 2018:

(₹ in lakhs)

Lender	Amount outstanding as on March 31, 2018	Repayment
Sujata S. Shetty	0.50	On Demand
Raghuram K. Shetty	20.24	On Demand

## SECTION VI – LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings; (ii) actions taken by statutory or regulatory authorities; (iii) tax proceedings; (iv) material litigation, in each case, involving our Company, our Subsidiaries, our Group Companies, our Promoters or our Directors; (v) any litigation involving our Company, our Subsidiaries, our Group Companies, our Promoters, our Directors or any other person whose outcome could have a material adverse effect on the position of our Company; (vi) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company and our Subsidiaries in the preceding five (5) years from the date of this Draft Red Herring Prospectus; (vii) pending proceedings initiated against our Company for economic offences; (viii) material frauds committed against our Company in the preceding five (5) years from the date of this Draft Red Herring Prospectus; (ix) defaults for non-payment of statutory dues; (x) fines imposed or compounding of offences against our Company or our Subsidiaries in the preceding five (5) years from the date of this Draft Red Herring Prospectus; (xi) matters involving our Company and our Subsidiaries pertaining to violations of securities law; and (xii) outstanding dues to material creditors and small scale undertakings.*

*The details of the outstanding litigation or proceedings involving our Company, Subsidiaries, our Group Companies, our Promoters and our Directors are described in this section in the manner as set forth below. Pursuant to SEBI (ICDR) Regulations, for the purposes of disclosure, our Board on August 31, 2018 has considered all other pending litigations involving our Company, Subsidiaries, our Group Companies, our Promoters and our Directors, other than criminal proceedings, statutory or regulatory actions, as 'material' if the monetary amount of claim by or against the entity or person in any such pending matter exceeds ₹10,00,000 (Rupees Ten Lakhs only) or 5% of the net profits after tax of the Company. Further, pre-litigation notices received by our Company, Promoters, Directors, Group Companies and Subsidiaries (excluding those notices issued by statutory, regulatory or tax authorities), unless otherwise decided by the Board, are not evaluated for materiality until such time that such parties are impleaded as defendants in litigation proceedings before any judicial forum. Accordingly, we have only disclosed all material outstanding litigations involving our Company, Promoters, Directors, Group Companies and Subsidiaries. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has a bearing on the operations or performance of our Company.*

### I. LITIGATION INVOLVING OUR COMPANY

#### A. Outstanding criminal proceedings against our Company

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated against our Company.

#### B. Outstanding criminal proceedings by our Company

1. Our Company has filed 325 criminal complaints under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by various entities for payment of consideration for goods supplied by our Company amounting to ₹1,852.41 lakhs before various forums in Mumbai. The matters are pending.
2. Sushil Kumar (Insecticides Inspector) cum Agriculture Developer Officer, Nawanshahar Dist, SBS Nagar (the "**Complainant**") filed a case against Khalsa Beej Bandar, Shri Mohinder Pal Singh, our Company, Shri Chudhri Niyasa Rao, Shri Jagjeet Singh Dhaliwal and Shri Raghuram Shetty (collectively the "**Accused**"). The insecticides supplied by our Company were not conforming to ISI specifications with respect to its present active ingredient content requirements and hence the sample was misbranded. The matter is pending.
3. Charanjit Singh (Insecticides Inspector) Block Ferozpur, Tehsil and District Ferozpur (the "**Complainant**") has filed case against S.V. Kheti Store, Amminder Singh, our Company, Raghuram Shetty, CH Srinivasan Rao, Shri Jagjeet Singh Dhaliwal (collectively the "**Accused**"). The insecticides manufactured by Heranba Industries Limited were declared to be misbranded as the active ingredient did not conform to the ISI specifications in the active ingredient test requirement. The matter is pending.
4. Narayanrao Deshmukh (Insecticides Inspector) cum Sub Divisional Agriculture Officer, Pachora District, Jalgaon (the "**Complainant**") filed a case against our Company and Pareshe Krushi Kendra (collectively the "**Accused**"). The insecticides manufactured by our Company were declared to be misbranded as the active ingredient contents did not conform to the ISI specifications in the active ingredient test requirement. The matter is pending.

5. Deputy Director, Punjab (the "**Complainant**") filed a case against our Company, Raghuram Shetty, CH Srinivasan Rao, Shri Jagjeet Singh Dhaliwal (collectively the "**Accused**"). The insecticides manufactured by our Company were declared to be misbranded as the active ingredient did not conform to the ISI specifications in the active ingredient test requirement. The matter is pending.

**C. Outstanding civil proceedings against our Company**

6. Dalveer Singh (the "**Appellant**") has filled a case against Veer Teja Khad Bhandar, our Company, Insecticides India Limited, Rajasthan, Insecticides India Limited, Delhi, Nagarjun Fertilizers & Chemicals Limited (collectively the "**Respondents**") bearing complaint no. 207/2013 before the State Consumer Dispute Redressal Commission, Circuit Bench Bikaner (the "**Court**"), Rajasthan for recovery of loss due to use of pesticides which is manufactured by our Company which is approximately ₹9.66 lakhs (₹9,66,100). The matter is pending.

**D. Outstanding civil proceedings by our Company**

As on the date of this Draft Red Herring Prospectus, there are no civil proceedings initiated by our Company.

**E. Tax proceedings involving our Company**

Nature of case	Number of cases	Amount involved (₹ in lakhs)
Direct Tax	1	190.49
Indirect Tax	6	1,851.22

**F. Material frauds committed against our Company**

There have been no instances of material frauds committed against our Company in the preceding five (5) years from the date of this Draft Red Herring Prospectus.

**G. Past cases where penalties imposed**

There have been no past cases in the five (5) years preceding the date of this Draft Red Herring Prospectus, where penalties were imposed on our Company by concerned authorities.

**H. Details of inquiries, inspections and investigations initiated or conducted under the Companies Act, 1956 or Companies Act, 2013**

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last five (5) years immediately preceding the year of issue of this Draft Red Herring Prospectus in the case of our Company.

**I. Fines imposed or compounding of offences**

There have been no prosecutions filed by our Company (*whether pending or not*) fines imposed, compounding of offences in the last five (5) years immediately preceding the year of this Draft Red Herring Prospectus.

**J. Proceedings initiated against our Company for economic offences**

There are no pending proceedings initiated against our Company for any economic offences as on the date of this Draft Red Herring Prospectus.

**K. Defaults and non-payment of statutory dues**

Our Company has no outstanding defaults in relation to statutory dues, dues payable to holders of any debentures (*including interest*) or dues in respect of deposits (*including interest*) or any defaults in repayment of loans from any bank or financial institution (*including interest*).

**L. Outstanding dues to Creditors**

Our Board has, pursuant to its resolution dated July 5, 2018, approved that all creditors of our Company to whom the amount due by our Company exceeds 10% of trade payables of our Company as of March 31, 2018 as per the Restated Financial Information of our Company shall be considered "material" creditors of our Company.

The outstanding dues owed to small scale undertakings and other creditors, separately, giving details of number of cases and amounts for all dues as on March 31, 2018, is set out below:

Material Creditors	Number of cases	Amount involved (₹ in lakhs)
Small scale undertakings	4	84.41
Material Creditors	--	--
Other creditors	749	17,757.54

The details pertaining to outstanding dues towards our creditors are available on the website of our Company at [www.heranba.co.in](http://www.heranba.co.in). It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, [www.heranba.co.in](http://www.heranba.co.in), would be doing so at their own risk.

## II. LITIGATION INVOLVING OUR PROMOTERS AND DIRECTORS

### A. Outstanding criminal proceedings involving our Promoters and Directors

1. BASP Chemical Products Limited (the "**Complainant**") filed seven (7) cases bearing nos. 3100/SS/2015, 3826/SS/2015, 3829/SS/2015, 3830/SS/2015, 3831/SS/2015, 3832/SS/2015 and 3967/SS/2015, before Metropolitan Magistrate Court, Andheri (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (collectively the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques issued by Shakti Bio Science Limited for payment of consideration for goods supplied by the Complainant. The Accused have admitted the liability and have agreed to pay a sum of ₹57.50 lakhs to the Complainant towards full and final settlement in tranches and as agreed between the parties the last tranche being due on October 30, 2018. After the Accused pay the entire amount the Complainant has undertaken to unconditionally withdraw the said matters against the Accused. In case the Accused fails to make the aforesaid payments the matters will be proceeded in accordance with law and the Accused shall be responsible for future cost. The matter is pending.
2. A. S. Joshi and our Company through its authorised representative Neelam Shedge (the "**Plaintiff**"), filed a criminal complaint bearing no. 2936/SS/2016 before Metropolitan Magistrate Court, Girgaum, Mumbai (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (collectively the "**Defendants**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹11.36 lakhs. The matter is pending.
3. Ganesh Kalyan Sundaram (the "**Complainant**") proprietor of SKS Glochem filed a criminal complaint bearing No. 746/M/2016 before Court of Metropolitan Magistrate, Mulund, Mumbai (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty and Avinash Mohite (collectively the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹70.74 lakhs. The matter is pending.
4. Preyash Nanavati (the "**Complainant**") proprietor of Kesar Colour Chem Industries filed a case bearing no. 2725/2015 before Metropolitan Magistrate Court, Borivali (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (collectively the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹13.75 lakhs along with 18% interest p.a. The matter is pending.

### B. Outstanding civil proceedings involving our Promoters and Directors

1. Chinmay Patel (the "**Plaintiff**"), the proprietor of Matrix Incorporation filed a special summary suit bearing no. 46/2012 before the Court of Civil Judge (S.D.), Vadodara (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (collectively the "**Defendants**") for

recovery of alleged sale proceeds towards goods supplied to Shakti Bio Science Limited aggregating to ₹14.69 lakhs. The matter is pending.

2. Mehta Petro Refineries Limited (the "**Plaintiff**") filed a special summary suit bearing no. 1199/2015 (Old Suit No. 55 of 2012) before the Bombay City Civil Court, Borivali Division, Dindoshi, Goregaon (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (the "**Defendants**") for recovery of alleged sale proceeds towards goods supplied to Shakti Bio Science Limited aggregating to ₹38.33 lakhs including Interest at 18% p.a. The matter is pending.
3. The Cosmos Co-operative Bank Limited (the "**Claimant**") has initiated an arbitration proceeding bearing Arbitration Reference No. ARB/COS/04/2016 before the Arbitral Tribunal constituted under Section 84(4) of Multi State Co-Op. Societies Act, 2002 (the "**Act**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty, Shreya Shetty, Pradeep Manek and Malti Manek (collectively the "**Opponents**") under Section 84 of the Act read with section 23 of the Arbitration and Conciliation Act, 1996 seeking award for outstanding balance dues of ₹4,857.99 lakhs along with further interest at 16% p.a. till date of payment towards recovery of loan amounts and interest thereon for the various financial facilities extended by the Bank to Shakti Bio Science Limited. Summons was issued to appear before the Arbitrator on April 21, 2016 to answer all material questions relating to the said matter under consideration and to provide consent for initiation of Arbitral Proceedings. Claimant has prayed for the following: (1) Opponents to be held jointly and/ or severally liable for the realization of the entire claim; (2) The Tribunal declares Claimant to have a first charge on immovable property mortgaged by the Opponents; (3) Pending hearing and final disposal, Tribunal passes an order against the Opponents or their agents prohibiting them from creating a third party right with respect to Immovable Property which has been hypothecated/mortgaged to Claimant; (4) Pending hearing and final disposal, Opponents be asked to provide full I.T Returns disclosure reflecting their Assets and their Investments. Thereafter, the parties have filed Consent Terms before the Arbitrator on April 19, 2018 whereby it has been agreed between the parties that (1) the Opponents shall pay ₹36.79 crores (together with interest @10% thereon from March 27, 2018) in thirteen instalments last being due on or before March 31, 2019; (2) the properties mortgaged and hypothecated as well as the personal guarantee of the directors and guarantors shall remain the same and will be released only after receipt of the entire agreed amount along with interest by the Claimant; (3) both the parties shall withdraw any litigation / suit / dispute / proceeding filed against each other as disputes are amicably settled. Claimants shall withdraw the Securitization Application (L) No. 52/2016 filed before the DRT, Ahmedabad and the Opponents shall withdraw the Writ Petition No. 5417/2017 filed by them against the Claimant. The company has paid Rs. 1690.90 lakhs till September 28, 2018. The matter is pending.
4. Bank of India (the "**Bank**") having has issued an intimation bearing Ref no. VLPE/AGM/VRD dated August 23, 2016 to Nirmat Mercantile Private Limited ("**Nirmat**"). By way of the said intimation the Bank has exercised the powers conferred upon it under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**Act**") and has called upon Nirmat to hand over the possession of the secured asset being Gala No. 5 & 6, Kohinoor Industrial Estate, opposite CHM College, Ulhasnagar- 400 003, Maharashtra, India owned by Sadashiv Shetty which has been provided as security for certain credit facilities availed by Nirmat from the Bank. The Bank has stated that it has exercised its said right under the Act as the loan account of Nirmat with the Bank has been declared as a 'non-performing asset' since Nirmat has defaulted in repaying the instalments of such loan amounts being a sum of ₹267.12 lakhs (₹2,67,12,261) (along with interest). Thereafter, the Bank has taken physical possession of the said properties in accordance with the provisions of the Act. The matter is pending.
5. Bank of India (the "**Bank**") has issued an intimation bearing Ref no. VLPE/AGM/VRD dated August 23, 2016 to Sanurag Trading Private Limited ("**Sanurag**"). By way of the said intimation the Bank has exercised the powers conferred upon it under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**Act**") and has called upon Sanurag to hand over the possession of the secured asset being Gala No. 9 & 10, Kohinoor Industrial Estate, opposite CHM College, Ulhasnagar- 400 003, Maharashtra, India owned by Sadashiv Shetty which has been provided as security for certain credit facilities availed by Sanurag from the Bank. The Bank has stated that it has exercised its said right under the Act as the loan account of Sanurag with the Bank has been declared as a 'non-performing asset' since Sanurag has defaulted in repaying the instalments of such loan amounts being a sum of ₹237.31 lakhs (₹2,37,30,872) (along with interest). Thereafter, the Bank has taken physical possession of the said properties in accordance with the provisions of the Act. The matter is pending.
6. The Special Recovery & Sales Officer, Mumbai, Co-op. Department empowered by the Registrar of Co-op. Societies, Govt. of Maharashtra (the "**Court**") has issued a demand notice dated March 31, 2018 bearing no.



SRO/RECY/CITY/DHR/889/24/2017-18 against Dhairya Mercantile Private Limited (the "**Borrower**") and Sadashiv Shetty and Shreya Shetty (the "**Sureties**") under the Provisions of Section 156 of the Maharashtra Co-operative Societies Act, 1960, read with Rule 107 of the Maharashtra Co-operative Societies Rules, 1961 (the "**Act**") for recovery of amounts borrowed by way of certain credit facilities by the Borrower from The City Co-operative Bank Limited, Mumbai (the "**Bank**") aggregating to ₹447.64 lakhs (₹4,47,64,406) along with further interest at 15% p.a. from March 1, 2018 to the Bank, within fifteen (15) days from the date of the said demand notice. Further, it is stated in the said demand notice that the Borrower (along with Sureties) if fails to repay on or before fifteen (15) days on receipt of the said demand notice, then the Court will proceed, under the Act, to obtain payment of the said amount by attachment of salary, moveable/immovable property together with the expenditure which would be incurred for recovery of the same. Subsequently Borrower in its e-mail dated June 15, 2018 confirmed paying ₹80.00 lakhs to the Bank.

7. The City Co-operative Bank Limited, Mumbai (the "**Bank**") issued an intimation bearing Ref no. DHR/W/40/13/2017-18 dated September 15, 2017 to Dhairya Mercantile Private Limited ("**Dhairya**"), Sadashiv Shetty and Shreya Shetty (the "**Sureties**"). By way of the said intimation the Bank has exercised the powers conferred upon it under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**Act**") and has called upon Dhairya and the Sureties to pay to a sum of ₹394.13 lakhs (₹3,94,12,875) (along with interest) towards certain credit facilities availed by Dhairya from the Bank failing which the Bank will be constrained to takeover the possession of the secured asset being Gala No. 7 & 8, Kohinoor Industrial Estate, opposite CHM College, Ulhasnagar- 400 003, Maharashtra, India owned by Sadashiv Shetty which has been provided as security. The Bank has stated that it has exercised its said right under the Act as the loan account of Dhairya with the Bank has been declared as a 'non-performing asset'. Thereafter, the Bank has taken physical possession of the said properties in accordance with the provisions of the Act. The matter is pending.
8. The City Co-operative Bank Limited, Mumbai (the "**Bank**") has issued a legal notice dated November 7, 2017 to Dhairya Mercantile Private Limited ("**Dhairya**") and Sadashiv Shetty and Shreya Shetty (the "**Sureties**"). By way of the said legal notice the Bank has called upon Dhairya and the Sureties to pay to the Bank a sum of ₹403.87 (₹4,03,86,983) being the amount due along with interest up to September 30, 2017 within seven (7) days from the date of receipt of the said legal notice failing which the Bank shall initiate civil as well as criminal proceedings against Dhairya and the Sureties for recovery of the said dues and for alleged misappropriation of the stock hypothecated to the Bank by Dhairya and the Sureties thereby committing criminal breach of trust and cheating over the Bank. The matter is pending.
9. The City Co-operative Bank Limited, Mumbai (the "**Bank**") has issued a legal notice dated November 9, 2017 to Dhairya Mercantile Private Limited ("**Dhairya**"), Sadashiv Shetty and Shreya Shetty (the "**Sureties**") and A. V. Pandit, V. D. Pandit and M/s. Pandit & Pandit Valuers (the "**Valuers**"). By way of the said legal notice the Bank has called upon Dhairya and the Sureties to pay to the Bank a sum of ₹403.87 (₹4,03,86,983) being the amount due along with interest up to September 30, 2017 within seven (7) days from the date of receipt of the said legal notice failing which the Bank shall initiate civil as well as criminal proceedings against Dhairya, Sureties and the Valuers for recovery of the said dues and for allegedly providing false valuation far in excess of real value thereby committing misappropriation, breach of trust and cheating over the Bank. The matter is pending.

**C. Pending action by statutory or regulatory authorities against any of our Promoters and Directors**

As on the date of this Draft Red Herring Prospectus, there are no pending actions by any statutory or regulatory authorities against our Promoters and Directors.

**D. Tax proceedings involving our Promoters and Directors**

Nature of case	Number of cases	Amount involved (₹ in lakhs)
Direct Tax	1	4.48
Indirect Tax	Nil	Nil

**E. Proceedings initiated against our Promoters and Directors for economic offences**

As on the date of this Draft Red Herring Prospectus, there are no proceedings initiated against our Promoters and Directors for economic offences.

**F. SEBI proceedings involving our Promoters and Directors**

1. SEBI, by way of an ex-parte interim order dated July 28, 2009 had directed one of our Promoter's, Mr. Raghuram Shetty from buying, selling, dealing in securities of Alka Securities Limited from July 29, 2009 (the "**Interim Order**") which was further confirmed by way of a separate orders dated October 16, 2009 and October 30, 2009 (the "**Confirmatory Orders**"). SEBI by way of the Interim Order had also directed NSDL and CDSL to freeze beneficial owner accounts of Mr. Raghuram Shetty. The said Interim Order was passed since our Promoter, Mr. Raghuram Shetty did not (i) make disclosures in relation to shareholding/ changes in shareholding to the stock exchanges (BSE) as required under the SEBI Takeover Code; (ii) make disclosures of dilution of shareholding as required under the SEBI (Prohibition of Insider Trading) Regulations, 1992; and (iii) indulged in creation of artificial market through off-market / on-market transactions and indulged in the scheme of price-volume manipulation, thereby violating the provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003, in the matter of Alka Securities Limited. Further, by way of an order dated September 10, 2012, SEBI has revoked its directions issued by way of the Interim and Confirmatory Orders with immediate effect.

#### **G. Other material outstanding litigation involving our Promoters and Directors**

As on the date of this Draft Red Herring Prospectus, there are no other material outstanding litigation initiated by or against our Promoters and Directors.

### **III. LITIGATION INVOLVING OUR GROUP COMPANIES**

#### **A. Outstanding criminal proceedings against our Group Companies**

1. BASP Chemical Products Limited (the "**Complainant**") filed seven (7) cases bearing nos. 3100/SS/2015, 3826/SS/2015, 3829/SS/2015, 3830/SS/2015, 3831/SS/2015, 3832/SS/2015 and 3967/SS/2015, before Metropolitan Magistrate Court, Andheri (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (collectively the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques issued by Shakti Bio Science Limited for payment of consideration for goods supplied by the Complainant. The Accused have admitted the liability and have agreed to pay a sum of ₹57.50 lakhs to the Complainant towards full and final settlement in tranches and as agreed between the parties the last tranche being due on October 30, 2018. After the Accused pay the entire amount the Complainant has undertaken to unconditionally withdraw the said matters against the Accused. In case the Accused fails to make the aforesaid payments the matters will be proceeded in accordance with law and the Accused shall be responsible for future cost. The matter is pending.
2. A. S. Joshi and our Company through its authorised representative Neelam Shedge (the "**Plaintiff**"), filed a criminal complaint bearing no. 2936/SS/2016 before Metropolitan Magistrate Court, Girgaum, Mumbai (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (collectively the "**Defendants**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹11.36 lakhs. The matter is pending.
3. Jayeshbhai Patel (the "**Complainant**") proprietor of Vaibhav Sales Agency filed a criminal complaint bearing no. 1301/SS/2015 before the Court of Metropolitan Magistrate, Esplanade, Mumbai (the "**Court**") against Shakti Bio Science Limited (the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹1.12 lakhs. The matter is pending.
4. Ganesh Kalyan Sundaram (the "**Complainant**") proprietor of SKS Glochem filed a criminal complaint bearing No. 746/M/2016 before Court of Metropolitan Magistrate, Mulund, Mumbai (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty and Avinash Mohite (collectively the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹70.74 lakhs. The matter is pending.
5. Preyash Nanavati (the "**Complainant**") proprietor of Kesar Colour Chem Industries filed a case bearing no. 2725/2015 before Metropolitan Magistrate Court, Borivali (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (collectively the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by Shakti Bio Science

Limited for payment of consideration for goods supplied aggregating to ₹13.75 lakhs along with 18% interest p.a. The matter is pending.

6. Dipikaben Mehta (the "**Complainant**") proprietor of Dipraj Chemical filed a case bearing no. 1007/2011 before Taluka Court, Anklesvar (the "**Court**") against Sadashiv Shetty and Rajesh Parikh (collectively the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹4.92 lakhs. The matter is pending.
7. Mr. B. Tirkey, Enforcement Officer, Employee's Provident Fund Organization, Ministry of Labour, Government of India (the "**Complainant**") filed a case before Judicial Magistrate First Class, Vapi against Sadashiv Shetty and Sujata Shetty (in their capacity as directors of Shakti Bio Science Limited) (the "**Accused**") under section 405 of Indian Penal Code read with Section 14AB of Employee's Provident Fund & Miscellaneous Provisions Act, 1952 for recovery of employees contribution to Employees Provident Fund aggregating to ₹0.87 lakhs. The matter is pending.
8. Smarniya Trading Private Limited (the "**Complainant**") filed a complaint bearing no. 5518/2017 before the Metropolitan Magistrate Court, Andheri (the "**Court**") against Shakti Bio Science Limited (the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by Shakti Bio Science Limited for payment of consideration for goods supplied aggregating to ₹44.52 lakhs. The matter is pending.

#### **B. Outstanding criminal proceedings by our Group Companies**

1. Shakti Bio Science Limited (the "**Complainant**") filed a criminal complaint bearing no. 2081/SS/2010 before Metropolitan Magistrate Court, Borivali (the "**Court**") against Joshva Tribhuvan, proprietor of Cosmos Organize (the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by the Accused for payment of consideration for goods supplied by the Plaintiff aggregating to ₹4.05 lakhs. The matter is pending.
2. Shakti Bio Science Limited (the "**Complainant**") filed a criminal complaint bearing no. 805/SS/2011 before Metropolitan Magistrate Court, Borivali (the "**Court**") against Matelal Tiwari, proprietor of Athharva Enterprises (the "**Accused**") under section 138 of the Negotiable Instruments Act, 1881 for alleged dishonour of cheque/s issued by the Accused for payment of consideration for goods supplied by the Plaintiff aggregating to ₹1.41 lakhs. The matter is pending.

#### **C. Outstanding civil proceedings against our Group Companies**

1. Chinmay Patel (the "**Plaintiff**"), the proprietor of Matrix Incorporation filed a special summary suit bearing no. 46/2012 before the Court of Civil Judge (S.D.), Vadodara (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (collectively the "**Defendants**") for recovery of alleged sale proceeds towards goods supplied to Shakti Bio Science Limited aggregating to ₹14.69 lakhs. The matter is pending.
2. Mehta Petro Refineries Limited (the "**Plaintiff**") filed a special summary suit bearing no. 1199/2015 (Old Suit No. 55 of 2012) before the Bombay City Civil Court, Borivali Division, Dindoshi, Goregaon (the "**Court**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty and Shreya Shetty (the "**Defendants**") for recovery of alleged sale proceeds towards goods supplied to Shakti Bio Science Limited aggregating to ₹38.33 lakhs including Interest at 18% p.a. The matter is pending.
3. The Cosmos Co-operative Bank Limited (the "**Claimant**") has initiated an arbitration proceeding bearing Arbitration Reference No. ARB/COS/04/2016 before the Arbitral Tribunal constituted under Section 84(4) of Multi State Co-Op. Societies Act, 2002 (the "**Act**") against Shakti Bio Science Limited, one of our Promoter, Mr. Sadashiv Shetty, Sujata Shetty, Shreya Shetty, Pradeep Manek and Malti Manek (collectively the "**Opponents**") under Section 84 of the Act read with section 23 of the Arbitration and Conciliation Act, 1996 seeking award for outstanding balance dues of ₹4,857.99 lakhs along with further interest at 16% p.a. till date of payment towards recovery of loan amounts and interest thereon for the various financial facilities extended by the Bank to Shakti Bio Science Limited. Summons was issued to appear before the Arbitrator on April 21, 2016 to answer all material questions relating to the said matter under consideration and to provide consent for initiation of Arbitral Proceedings. Claimant has prayed for the following: (1) Opponents to be held jointly and/ or severally liable for

the realization of the entire claim; (2) The Tribunal declares Claimant to have a first charge on immovable property mortgaged by the Opponents; (3) Pending hearing and final disposal, Tribunal passes an order against the Opponents or their agents prohibiting them from creating a third party right with respect to Immovable Property which has been hypothecated/mortgaged to Claimant; (4) Pending hearing and final disposal, Opponents be asked to provide full I.T Returns disclosure reflecting their Assets and their Investments. Thereafter, the parties have filed Consent Terms before the Arbitrator on April 19, 2018 whereby it has been agreed between the parties that (1) the Opponents shall pay ₹36.79 crores (together with interest @10% thereon from March 27, 2018) in thirteen instalments last being due on or before March 31, 2019; (2) the properties mortgaged and hypothecated as well as the personal guarantee of the directors and guarantors shall remain the same and will be released only after receipt of the entire agreed amount along with interest by the Claimant; (3) both the parties shall withdraw any litigation / suit / dispute / proceeding filed against each other as disputes are amicably settled. Claimants shall withdraw the Securitization Application (L) No. 52/2016 filed before the DRT, Ahmedabad and the Opponents shall withdraw the Writ Petition No. 5417/2017 filed by them against the Claimant. The matter is pending.

4. Two orders each dated July 13, 2016 have been passed by the Assistant PF Commissioner, EPFO, (the "**Impugned Orders**") against Shakti Bio Science Limited. Vide the Impugned Orders an aggregate demand of ₹26.22 lakhs under sections 14B & 7Q of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 have been imposed on Shakti Bio Science Limited. Thereafter, upon an appeal bearing number 743(5)2016 filed by Shakti Bio Science Limited before the Employee Provident Fund Appellate Tribunal, New Delhi against the Impugned Orders, by way of an order dated July 29, 2016 the Employee Provident Fund Appellate Tribunal, New Delhi restrained the Assistant PF Commissioner, EPFO from recovering more than 30% of the assessed amount until further orders. After the abolishment of the Employee Provident Fund Appellate Tribunal the said appeal bearing number 743(5)2016 has been converted to appeal bearing no. EPF.APPEAL/TRF/0089/2017 and is now pending before the Central Government Industrial Tribunal, Ahmedabad. The matter is pending.

#### **D. Outstanding civil proceedings by our Group Companies**

As on the date of this Draft Red Herring Prospectus, there are no civil proceedings initiated by our Group Companies.

#### **E. Pending action by statutory or regulatory authorities against any of our Group Companies**

As on the date of this Draft Red Herring Prospectus, there are no pending actions by any statutory or regulatory authorities against our Group Companies.

#### **F. Tax proceedings involving our Group Companies**

As on the date of this Draft Red Herring Prospectus, there are no tax proceedings involving our Group Companies.

#### **G. Other material outstanding litigation involving our Group Companies**

As on the date of this Draft Red Herring Prospectus, there are no other material outstanding litigation initiated by or against our Group Companies.

### **IV. MATERIAL DEVELOPMENTS**

There have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole, or the value of our consolidated assets or our ability to pay our liabilities within the next twelve (12) months.

## GOVERNMENT AND OTHER APPROVALS

*We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required by us to undertake this Issue and for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations. Unless otherwise stated, these approvals are valid as on the date of this Draft Red Herring 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.*

### I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

- a. Our Board, pursuant to its resolution dated July 31, 2018, authorized the Issue subject to approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013.
- b. The shareholders of our Company have, pursuant to their resolution passed at the annual general meeting of our Company held on August 31, 2018 under Section 62(1)(c) of the Companies Act, 2013, authorized the Issue.
- c. The Offer for Sale has been authorized by Sadashiv K. Shetty (Promoter Selling Shareholder) by his consent letter dated September 24, 2018; Babu K. Shetty (Selling Shareholder) by his consent letter dated September 25, 2018 and Vittala K. Bhandary (Selling Shareholder) by his consent letter dated September 25, 2018.
- d. In-principle approval from NSE dated [●].
- e. In-principle approval from BSE dated [●].
- f. Company's International Securities Identification Number ("*ISIN*") is INE694N01015.

### II. Incorporation Details of our Company

- a. Certificate of incorporation dated March 17, 1992 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli in our former name, being Heranba Industrial Chemicals Private Limited.
- b. Fresh certificate of incorporation dated July 26, 1996 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli, consequent upon change of name on conversion to a public company in the name of Heranba Industrial Chemicals Limited.
- c. Fresh certificate of incorporation dated July 26, 1996 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli consequent upon change of name to Heranba Industries Limited.

### III. Tax Approvals in relation to our Company

- a. The Permanent Account Number of our Company is AAACH3787Q.
- b. The Tax Deduction Account Number (TAN) of our Company is MUMH07158E for Maharashtra and SRTH01177B for Gujarat.
- c. The Importer-Exporter number of our Company is 0396018572.
- d. Registration certificate under The Central Goods and Services Tax Act, 2017 (GST) are detailed below:

GSTIN No.	State
06AAACH3787Q1ZY	Haryana
27AAACH3787Q1ZU	Maharashtra
19AAACH3787Q1ZR	West Bengal
18AAACH3787Q1ZT	Assam

03AAACH3787Q1Z4	Punjab
36AAACH3787Q1ZV	Telangana
29AAACH3787Q1ZQ	Karnataka
21AAACH3787Q1Z6	Odisha
22AAACH3787Q1Z4	Chhattisgarh
23AAACH3787Q1Z2	Madhya Pradesh
09AAACH3787Q1ZS	Uttar Pradesh
24AAACH3787Q1Z0	Gujrat
33AAACH3787Q1Z1	Tamil Nadu
08AAACH3787Q1ZU	Rajasthan
37AAACH3787Q2ZS	Andhra Pradesh

Our Company is required to register itself under various national tax laws, as well as state specific tax laws such as the IT Act, CST Act, excise, and value added tax legislations. Our Company is also required to pay service tax. Our Company has obtained necessary licenses and approvals from the appropriate regulatory and governing authorities, in relation to such tax laws.

#### IV. Approvals obtained in relation to business operations

Our Company requires various approvals and/or licenses to carry on our business in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

- a. Registration and License to work a factory: We are required to obtain license under the Factories Act, 1948 in relation to our manufacturing facilities located at Unit I (Plot No. 1504/1505,1506), Unit II (Plot No. A-2, 2214/2215), Unit III (Plot No.1503/I); and Unit IV (Plot No. 1409). Our Company has obtained the factories licenses, all of which are valid till December 31, 2018, December 31, 2019, December 31, 2019 and December 31, 2023 respectively.
- b. Environmental registrations: We have obtained the relevant consents from the Gujarat State Pollution Control Board for the establishment of our manufacturing facilities at Unit I (Plot No. 1504/1505,1506), Unit II (Plot No. A-2, 2214/2215), Unit III (Plot No.1503/I); and Unit IV (Plot No. 1409) under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution), Act, 1981 and Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008. Our consent for our manufacturing units are valid till December 28, 2024, December 18, 2024, February 13, 2025 and May 26, 2023 respectively.

We have obtained the relevant consents from the Gujarat State Pollution Control Board for operations of our manufacturing facilities at Unit I (Plot No. 1504/1505,1506), Unit II (Plot No. A-2, 2214/2215) and Unit III (Plot No.1503/I) under the Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution), Act, 1981 and authorization under Hazardous Waste (Management, Handling & Transboundary Movement) Rules, 2008. Our consent for our manufacturing units are valid till February 13, 2025 (provisional), December 31, 2020 and February 13, 2025.

- c. Shops and establishments legislations: We are required to obtain a registration certificate of establishment issued by the Department of Labour of the respective state governments where the registered office and branch offices of our Company are located under the provisions of the relevant state specific legislation on shops and establishments. We have obtained the relevant shops and establishments registrations under the applicable provisions of the shops and establishments legislations for our head office and marketing office.
- d. Employment related registrations: We have been allotted a code under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' State Insurance Act, 1948 and Gujarat Labour Welfare Fund Act, 1953.
- e. The Head Office of our Company is registered as an establishment under the Maharashtra Shops and Establishments Act, 1948 under Registration No. 760148325 as evidenced by the certificate of registration dated July 7, 2010 issued by the office of the inspector under Maharashtra Shops and Establishments Act, 1948.
- f. The Soni Shopping Centre Office of our Company is registered as an establishment under the Maharashtra Shops and Establishments Act, 1948 under registration no. 760148354 as evidenced by the certificate of registration dated July 7, 2010 issued by the office of the inspector under Maharashtra Shops and Establishments

Act, 1948.

**V. Specific approvals obtained by our manufacturing units**

**Unit I (Plot No. 1504/1505,1506)**

- a. License dated June 2, 1997 bearing no. 387 to manufacture Insecticides issued by the Directorate of Agriculture, Gujarat, Gandhinagar.
- b. License dated November 6, 2015 bearing no. P/HQ/GJ/15/1440(P11042) to Import and Store Petroleum in an Installation under the Petroleum Act, 1934 issued by the Deputy Chief Controller of Explosives, Maharashtra, Navi Mumbai.
- c. License dated December 23, 2009, bearing no. 76 to store and use Solvent C-9 and Hexane, from the District Magistrate, Valsad under the Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile), Order, 2000.
- d. License dated June 23, 2005, bearing no. S/HO/GJ/03/795(S5388) to Store Compressed gas in pressure vessel or vessels' under the Indian Explosives Act, 1884 issued by the Controller of Explosives, Vadodara.
- e. License dated April 10, 2001, bearing no. 180/2001, to possess for sale and sell (*retail or wholesale*) Sodium-Cyanide-8MT 'License to Manufacture Insecticides' from the Additional District Magistrate, Valsad under the Poisons Act, 1919.
- f. Certificate for use of a Boiler dated December 6, 2017 bearing registration no. GT-4969 for use of a Boiler' from the Assistant Director of Boilers, Gujarat State, Vapi.

**Unit II (Plot No. A-2, 2214/2215)**

- a. License dated June 19, 2007, bearing No. 565 to manufacture Insecticides under the Insecticides Act, 1968 and the rules made thereunder issued by the Directorate of Agriculture (Pesticide), Gujarat, Gandhinagar.
- b. License dated June 28, 2006, bearing No. P/HQ/GJ/15/4777(P155521) to Import and Store Petroleum in an Installation under the Petroleum Act, 1934 issued by the Chief Controller of Explosives, Vadodara.
- c. License dated April 1, 2018, bearing No. 215/07 to possess for sale and sell (*retail or wholesale*) under the Poisons Act, 1919 within the GIDC, Vapi, certain poisons as specified in the license issued by the Additional District Magistrate, Valsad.
- d. License dated December 27, 2006 bearing no. 117 to store and use certain solvent / raffinate / slop, as a process of manufacturing and as a fuel to run boiler and D.G. Set, from the District Magistrate, Valsad under the Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile) Order, 2000.
- e. Certificate for use of a Boiler dated December 20, 2017 bearing registration no. GT-6987 from the Director of Boilers, Gujarat, Vapi.

**Unit III (Plot No.1503/1)**

- a. License to manufacture Insecticides dated June 19, 2007, bearing No. 564 under the Insecticides Act, 1968 and the rules made thereunder issued by the Directorate of Agriculture, Gujarat, Gandhinagar.
- b. License dated October 12, 2009, bearing license no. P/HQ/GJ/15/5039(P210030), to Import and Store Petroleum in an Installation under Petroleum Act, 1934 issued by the Chief Controller of Explosives, Gujarat.
- c. License dated May 2, 2010, bearing no. 129 to store and use certain solvent / raffinate / slop, to make pesticide formulations, from the District Magistrate, Valsad under the Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobile) Order, 2000.

**Unit IV (Plot No. 1409)**

Except as disclosed in “*Approvals obtained in relation to business operations*” on page 262 our Company has not received any other approval in relation to Unit IV.

**VI. Approvals applied for but not received**

- a. Our Company has made an application dated July 16, 2018 bearing no. 141069 to the Gujarat State Pollution Control for granting a Consolidated Consent and Authorization for Unit I (*Plot No. 1504/1505,1506*).
- b. Our Company has made an application dated July 15, 2018 bearing no. 141078 to the Gujarat State Pollution Control for granting a Consolidated Consent and Authorization for Unit II (*Plot No. A-2, 2214/2215*).

**VII. Approvals for which applications are yet to be filed by our Company**

Nil

**VIII. Intellectual property related approvals**

Our Company has made fifty-seven (57) Trade Marks applications which are registered under class 5 with the Trade Marks Registry, Mumbai.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### Corporate Approvals

- Our Board has, pursuant to its resolution dated July 31, 2018, authorized the Offer, 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 August 31, 2018, under Section 62(1)(c) of the Companies Act, authorized the Offer.
- The Offer for Sale has been authorized by Sadashiv K. Shetty (Promoter Selling Shareholder) by his consent letter dated September 24, 2018; Babu K. Shetty (Selling Shareholder) by his consent letter dated September 25, 2018 and Vittala K. Bhandary (Selling Shareholder) by his consent letter dated September 25, 2018. The Selling shareholders specifically confirms that the Equity Shares being offered by him in the Offer have been held by him for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 26(6) of the SEBI ICDR Regulations and are eligible for being offered for sale in the Offer.

The number of Equity Shares offered by Selling Shareholder, Sadashiv K. Shetty is as follows:

Sr. No.	Name of the Selling Shareholder	No. of Equity Shares Offered
1.	Sadashiv K. Shetty	71,36,000
2.	Babu K. Shetty	40,000
3.	Vittala K. Bhandary	40,000

The Selling shareholders has confirmed that he has not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights. The Selling shareholders has also confirmed that he is the legal and beneficial owner of the Equity Shares being offered by him under the Offer for Sale.

- Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

### Prohibition by SEBI, the RBI or other Governmental Authorities

None of our Company, our Promoters, the members of 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. However, SEBI, by way of an ex-parte interim order dated July 28, 2009 had directed One of our Promoter, Raghuram K. Shetty, 2<sup>nd</sup> level entity, not to buy, sell or deal in the securities of Alka Securities Limited in any manner, till further directions in this regard (the "Interim Order"). For details please refer to section "Risk Factor - One of our Promoter, Raghuram K. Shetty was directed not to buy, sell or deal in the securities of Alka Securities Limited in any manner." beginning on page 19 of this Draft Red Herring Prospectus.

The Selling shareholders specifically confirms that it has not been prohibited or debarred from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory and governmental authority.

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.

The listing of securities of our Company has never been refused at any time by any stock exchange in India or abroad.

### Prohibition with respect to Wilful Defaulter

Neither our Company, nor our Promoters, relatives (as defined under the Companies Act, 2013) of our Promoters, Directors and Group Companies have been identified as a Wilful Defaulter. There are no violations of securities laws committed by them in the past or are pending against them. However, one of our Group Company, Shakti Bio Science Limited was declared as “Wilful Defaulter” by The Cosmos Co-Op Bank Limited during March 2017. Currently the name of our Group Company is not appearing as wilful defaulter in the list for quarter ended March 31, 2018. For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 253 of this Draft Red Herring Prospectus.

The Selling Shareholders specifically confirms that it has not been declared as a Wilful Defaulter. Further, the Selling Shareholders specifically confirms that there has been no violation of any securities law committed by it in the past and no such proceedings are currently pending against it.

### 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 Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with the Restated Financial Statements, prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

- Our Company has had net tangible assets of at least ₹300 lakhs in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹1,500 lakhs calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹100 lakhs in each of the three preceding full years (of 12 months each);
- The aggregate size of the proposed Offer and all previous issues made in the same financial year does not exceed five times the pre-Offer net worth as per the audited balance sheet of the Company for Fiscal 2018; and
- There has been no change in the name of our Company within last one year. For details of changes in the name and Registered Office of our Company, see “History and Certain Corporate Matters” on page 132.

Our Company’s pre-tax operating profit, net worth, net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets derived from the Restated Standalone Financial Statements included in this Draft Red Herring Prospectus as at, and for the last five years ended March 31, 2018, 2017, 2016, 2015 and 2014 are set forth below:

(₹ in lakhs)

Particulars	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
	IND AS	IND AS	IND AS	Indian GAAP	Indian GAAP
Net tangible assets, as restated <sup>(i)</sup>	15,760.63	11,603.45	9,849.68	7,669.67	6,110.60
Monetary assets, as restated <sup>(ii)</sup>	1,177.65	1,031.94	1,090.06	1,374.56	767.44
Monetary assets, as restated as a % of net tangible assets, as restated <sup>(iii)</sup>	7.47%	8.89%	11.07%	17.92%	12.56%
Pre-tax operating profit/ (loss), as restated <sup>(iv)</sup>	7,651.60	3,452.56	2,782.41	2,931.97	2,353.89
Net worth, as restated <sup>(v)</sup>	15,760.63	11,603.45	9,849.68	7,669.67	6,110.60

i) Net tangible assets = Net block of property, plant and equipment + capital work-in-progress + non-current loans + other noncurrent financial assets + Other non-current assets + total current assets (excluding investments) – total non-current liabilities – total current liabilities;

ii) Monetary assets = Cash in hand + balance with bank in current and deposit accounts (net of bank deposits having restrictive use);

iii) 'Monetary assets as restated as a percentage of the net tangible assets' means monetary assets as restated divided by net tangible assets, as restated, expressed as a percentage.

iv) 'Pre-tax operating profit', has been calculated as net profit before the aggregate of tax, exceptional items, share in net profit of associate entity accounted for using equity method, finance costs and other income;

v) Net worth has been defined as the aggregate of equity share capital and other equity (excluding amalgamation reserves);

Our Company does not have any subsidiary company and hence consolidated financial statements are not applicable.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000 failing which, the entire application monies shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application monies at the rate of 15% per annum for the period.

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI ICDR Regulations, to the extent applicable.

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, GUINNESS CORPORATE ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, 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 BOOK RUNNING LEAD MANAGER, GUINNESS CORPORATE ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 28, 2018 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 RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**
- 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 OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - A. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER 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 RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER 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 DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID. **COMPLIED WITH AND NOTED FOR COMPLIANCE**
  4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. **NOTED FOR COMPLIANCE**
  5. WE CERTIFY THAT WRITTEN CONSENT FROM 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 DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. **COMPLIED WITH AND NOTED FOR COMPLIANCE**
  6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. **COMPLIED WITH AND NOTED FOR COMPLIANCE**
  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 OFFER 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. **COMPLIED WITH**
  9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER 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 RED HERRING 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 WILL 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 RED HERRING 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 RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT 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.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) - NOT APPLICABLE

THE FILING OF THE DRAFT RED HERRING PROSPECTUS 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 BOOK RUNNING LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE THE DRAFT RED HERRING PROSPECTUS.

*The filing of the Draft Red Herring 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 Offer. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Manager any irregularities or lapses in the Draft Red Herring Prospectus.*

*All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.*

**CAUTION – Disclaimer from our Company, our Directors, the Selling shareholders and the Book Running Lead Manager**

Our Company, its Directors, the Selling shareholders and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Draft Red Herring 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.heranba.co.in, would be doing so at his or her own risk.

It is clarified that the Selling Shareholder, accepts no responsibility for any statements made or undertakings provided, other than those made specifically by the respective Selling Shareholder, in relation to themselves and to the Equity Shares offered by such Selling shareholders through the Offer.

The Book Running Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU / Offer Agreement entered into between the Book Running Lead Manager and our Company dated September 25, 2018 and the Underwriting Agreement dated [●], 2018 entered into between the Underwriters, Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling shareholders and the Book Running 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 Book Running 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, the Selling shareholders 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 Offer 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 Book Running Lead Manager:**

Price information of past public issues (during current financial year and two financial years preceding the current financial year) handled by Guinness Corporate Advisors Private Limited:

**ANNEXURE A - FORMAT FOR DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY GUINNESS CORPORATE ADVISORS PRIVATE LIMITED:**

Sr. No.	Issuer Name	Issue Size (Cr.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark] 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] 180 <sup>th</sup> calendar days from listing
1.	Vertoz Advertising Limited	17.10	108	24.11.2017	113	134.26% (+1.36%)	88.01% (+0.07%)	128.10% (+1.41%)
2.	Moksh Ornaments Ltd	11.03	37	03.01.2018	44.4	27.16% (+5.49%)	-14.86% (-2.22%)	-33.24% (2.05%)
3.	Jhandewalas Foods Ltd	16.01	55	12.01.2018	66	6.36% (-0.84%)	-19.55% (-1.88%)	5.45% (4.76%)
4.	Bhatia Communications & Retail (India) Limited	24.75	150	21.02.2018	153.95	0.00% (-2.48%)	13.50% (+2.28%)	16.67% (+13.10%)
5.	Angel Fibers Limited	18.22	27	06.03.2018	28.50	1.30% (-0.89%)	25.74% (+5.09%)	10.93% (+14.99%)
6.	Orissa Bengal Carrier Limited	16.69	30	05.04.2018	31.90	55.83% (+3.92%)	39.17% (+5.30%)	NA
7.	Taylormade Renewables Limited	11.34	35	06.04.2018	36.00	0.00% (+4.70%)	-8.29% (+6.00%)	NA
8.	MMP Industries Limited	84.60	188	12.04.2018	242.00	18.99% (+3.33%)	6.94% (+4.67%)	NA
9.	Waa Solar Limited	32.20	161	12.06.2018	158.00	-54.19% (+1.61%)	-62.11% (+6.25%)	NA
10.	Raw Edge Industrial Solutions Limited	16.50	72.00	18.07.2018	72.10	-2.92% (+3.50%)	NA	NA

Note: The 30<sup>th</sup>, 90<sup>th</sup>, and 180<sup>th</sup> calendar days has been taken as listing date plus 29, 89, 179 calendar days respectively. Where the 30<sup>th</sup> day / 90<sup>th</sup> day / 180<sup>th</sup> day of a particular year falls on a stock exchange trading holiday, the immediately following trading day has been considered. Where the 30<sup>th</sup> day / 90<sup>th</sup> day / 180<sup>th</sup> 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. The Designated Exchange for the Issue has been considered for the closing price, Benchmark index and other details. We have taken the Issue price to calculate the % change in closing price as on 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> day.

**Summary statement of Disclosure:**

Financial Year	Total No. of IPOs	Total Funds Raised (₹ in Cr.)	Nos. of IPOs trading at discount - 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium - 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at discount - 180 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium - 180 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	5	161.33	1	NA	1	1	NA	2	NA	NA	NA	NA	NA	NA
2017-18	12	149.38	NA	NA	NA	2	1	9	NA	1	3	4	NA	4
2016-17	9	93.71	NA	NA	1	NA	2	6	NA	NA	1	4	3	1

Note:

Based on date of listing. NSE SENSEX and 50 NIFTY has been considered as the benchmark index.

Prices on BSE/NSE are considered for all of the above calculations.

In case 30<sup>th</sup> /90<sup>th</sup> /180<sup>th</sup> day is not a trading day, closing price on BSE / NSE of the next trading day has been considered. In case 30<sup>th</sup> /90<sup>th</sup> /180<sup>th</sup> day, scripts are not traded then last trading price has been considered. N.A. – Period not completed.

As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect max. 10 issues (initial public offerings managed by the Lead Manager. Hence, disclosures pertaining to recent 10 issues handled by Lead Manager are provided. Track Record of past issues handled by Guinness Corporate Advisors Private Limited.

#### **Track records of past issues handled by Book Running Lead Manager**

For details regarding the track record of the Guinness Corporate Advisors Pvt. Ltd., as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, see the website of the Guinness Corporate Advisors Pvt. Ltd. at [www.guinnessonline.net](http://www.guinnessonline.net).

#### **Disclaimer in Respect of Jurisdiction**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, 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 ₹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 Red Herring 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 Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, 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 Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring 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 Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company, our Group Companies or the Selling shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares offered in the Offer have not been and will not be registered under the 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 Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) to “qualified institutional buyers” (as defined in Rule 144A ( “Rule 144A” ) under the Securities Act).**

**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.**

**Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.**



**Further, each Bidder where required must agree in the Allotment Advise that such Bidder will not sell or transfer any Equity Shares or 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.**

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

#### **Filing**

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Unit No: 002, Ground Floor, Sakar I, Near Gandhigram Railway Station Opp. Nehru Bridge Ashram Road, Ahmedabad-380009, Gujarat and electronically on the SEBI intermediary portal at <https://siportal.sebi.gov.in> provided by SEBI in terms of the SEBI circular number (SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad 380 013.

#### **Listing**

Applications have been made to the Stock Exchanges (BSE and NSE) for permission to deal in and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will 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 Exchanges mentioned above, our Company will forthwith repay without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus as required by applicable law. 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 of the Equity Shares at all the Stock Exchanges mentioned above are taken within six Working Days from the Bid/Offer Closing Date. Further, Selling shareholders shall provide assistance to the Company and the BRLM, as may be reasonably required and necessary as a selling shareholders in accordance with applicable law, in relation to the Equity Shares offered by it in the Offer for Sale.

If our Company does not allot the Equity Shares pursuant to the offer within six working days of the Offer Closing date or such timelines prescribed by SEBI, it shall repay, without interest all monies received from the bidders, failing which interest shall be due to the bidders at rate as prescribed under applicable law, for delayed period.

All expenses in relation to the Offer will be shared among our Company and the Selling Shareholders as mutually agreed and in accordance with applicable law.

#### **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, Promoters, Chief Financial Officer, Company Secretary & Compliance Officer, the Statutory Auditor, the Banker to the Company, the Selling Shareholders, the Book Running Lead Manager, Registrar to the Offer, Banker to the Offer, Legal Advisor to the Offer, the Syndicate Member(s) and Underwriter to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Section 32 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Statutory Auditors, N.S Shetty & Co, Chartered Accountants, have given their written consent for inclusion of the statement of tax benefits dated September 24, 2018 in the form and context, included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for filing with SEBI.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Peer Review Auditors, N.S Shetty & Co, Chartered Accountants, have given their written consent for inclusion of their report on the Restated Standalone Financial Statements dated August 25, 2018 in the form and context, included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for filing with SEBI.

### **Expert Opinion**

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

- Report of the Statutory Auditor on Statement of Tax Benefits.
- Report of the Peer Review Auditor on Restated Financial Statements.

### **Offer Related Expenses**

All expenses in relation to the Offer will be shared among our Company and the Selling shareholders as mutually agreed and in accordance with applicable law. For further details of Offer expenses, see “Objects of the Offer” on page 75.

### **Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission, brokerage and selling commission and reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which will be available for inspection at our Registered Office from the date of the Red Herring Prospectus until the Bid/Offer Closing Date. For further details, see “Objects of the Offer” on page 75.

### **Commission Payable to SCSBs, Registered Brokers, RTAs and CDPs**

For details of commission payable to SCSBs, Registered Brokers, RTAs and CDPs, see “Objects of the Offer” on page 75.

### **Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer for processing of applications, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which is available for inspection at our Registered Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, and stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

#### **Underwriting Commission, Brokerage and Selling Commission**

The underwriting commission and selling commission for this Offer is as set out in the Underwriting Agreement entered into between our Company and the Book Running Lead Manager. Payment of underwriting commission, brokerage and selling commission would be in accordance with Section 40 of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

#### **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 60, we have not made any previous issues of shares for consideration otherwise than for cash.

#### **Particular with regards to our Company and other Listed Companies under the same Management within the meaning of Section 370 1(B), of the Companies Act, 1956 which made any Capital Issue during the last three years**

None of the equity shares of our Group Companies are listed on any Recognised Stock Exchange. None of the above Companies have raised any capital during the past 3 years.

#### **Promise versus Performance for Our Company**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

#### **Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

As on the date of this Draft Red Herring Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

#### **Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Red Herring 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 Offer 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.

## Mechanism for Redressal of Investor Grievance

The Agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least three year from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Offer for redressal of their grievances.

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

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs, and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaints are pending against our Company as on date of the Draft Red Herring Prospectus.

The Selling shareholders have authorized the Company Secretary and Compliance Officer and Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale. Anchor Investors are required to address all grievances in relation to the Offer to the BRLM.

## Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be seven Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Shivani Rohila, Company Secretary as the Compliance Officer for the Offer. For details, see “*General Information*” on page 53.

There are no listed companies under the same management as our Company.

We have constituted the Stakeholders Relationship Committee/ Investor Grievance Committee of the Board vide resolution passed at the Board Meeting held on August 31, 2018. For further details, refer to the chapter titled “*Our Management*” beginning on page 137.

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web based complaints redress system “SCORES”. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in).

## Changes in Auditors during the last three financial years

Except for the appointment of N.S Shetty & Co., Chartered Accountants, on May 13, 2017, prior to which our auditors were Anay Gogte & Co, Chartered Accountants, there has been no change in the Auditors during the last three years.

#### **Capitalisation of Reserves or Profits**

Save and except as stated in “*Capital Structure*” on page 60. Our Company has not capitalized its reserves or profits during the last five years.

#### **Revaluation of assets**

For details of revaluation of assets since inception by our Company, refer “*History and Certain Corporate Matters - Revaluation of Assets*” on page 134.

## SECTION VII – OFFER RELATED INFORMATION

### OFFER STRUCTURE

Initial public offering of up to 1,07,00,000 Equity Shares for cash at price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] lakhs comprising a Fresh Issue of up to 34,84,000 Equity Shares aggregating up to ₹ [●] lakhs by our Company and Offer for Sale of up to 72,16,000 Equity Shares aggregating up to ₹ [●] lakhs by the Selling Shareholders. The Offer will constitute 25.15% of the post-Offer paid-up Equity Share capital of our Company.

The face value of equity shares is ₹10 each. The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
<b>Number of Equity Shares available for Allotment/ Allocation<sup>*(2)</sup></b>	[●]* Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
<b>Percentage of Offer Size available for allotment / allocation</b>	Not more than 50% of the Offer size. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Offer size or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Offer size or Offer less allocation to QIB Bidders and Non-Institutional Bidders
<b>Basis of Allotment/Allocation if respective category is oversubscribed*</b>	Proportionate as follows (excluding the Anchor Investor Portion):  (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and  (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to [●] Equity Shares may be allocated on a discretionary basis to the Anchor Investors	Proportionate	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details, see “Offer Procedure – Part B – Allotment Procedure and Basis of Allotment” on page 315
<b>Minimum Bid</b>	Such number of Equity Shares in multiples of [●] Equity Shares that the bid amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares in multiples of [●] Equity Shares that the bid amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
<b>Maximum Bid Size</b>	Such number of Equity Shares in multiples of [●] Equity Shares not	Such number of Equity Shares in multiples of [●]	Such number of Equity Shares in multiples of [●]

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
	exceeding the size of the Offer, subject to applicable limits	Equity Shares not exceeding the size of the Offer, subject to applicable limits	Equity Shares so that the Bid Amount does not exceed ₹200,000
<b>Bid Lot</b>	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
<b>Allotment Lot</b>	[●] Equity Shares and in multiples of one Equity Shares thereafter		
<b>Mode of Allotment</b>	Dematerialized Form	Dematerialized Form	Dematerialized Form
<b>Trading Lot</b>	One Equity Share	One Equity Share	One Equity Share
<b>Who can apply<sup>(4)</sup></b>	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds, FPIs other than Category III foreign portfolio investors, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, National Investment Fund set up by the Government 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 and systemically important non-banking financial companies.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, Category III foreign portfolio investors	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
<b>Terms of Payment</b>	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form <sup>(3)</sup>		

\* Assuming full subscription in the Offer

(1) Our Company may, in consultation with the BRLM allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors.

(2) Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR.

(3) Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form. Anchor Investors are not permitted to use the ASBA process. For details of terms of payment applicable to Anchor Investors, see "Offer Procedure -Section 7: Allotment Procedure and Basis of Allotment" on page 315.

(4) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

Under subscription, if any, in any category except the QIB Category, would be met with spill-over from the other categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

## TERMS OF THE OFFER

The Equity Shares being offered pursuant to the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, our Memorandum of Association and our Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the Government of India, the Stock Exchanges, the RBI, the RoC and/or any other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

### Offer Related Expenses

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholder. All expenses in relation to the Offer will be shared among our Company and the Selling shareholders as mutually agreed and in accordance with applicable law.

Any expense incurred by our Company on behalf of any Selling shareholders towards refunds, interest for delays for the Equity Shares being offered in the Offer for Sale by such Selling shareholders will be reimbursed by such Selling shareholders to our Company in proportion to the Equity Shares being offered for sale by such Selling shareholders in the Offer upon successful completion of the Offer. For the avoidance of doubt, subject to applicable laws, a Selling shareholders will not be responsible to reimburse any expenses towards refund or any interest thereon except to the extent such failure or default or delay has been caused solely by such Selling Shareholder.

For further details of Offer expenses, see “Objects of the Offer” on page 75.

### Ranking of the Equity Shares

The Equity Shares being offered pursuant to the Offer will be subject to the provisions of the Companies Act, our Memorandum of Association and our Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares, including in respect of the right to receive dividend and voting. The Allottees, upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “Main Provisions of the Articles of Association” on page 328.

### Authority for the Offer

This Offer has been authorized by a resolution of the Board passed at their meeting held on July 31, 2018 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 AGM of the Company held on August 31, 2018.

The Offer for Sale has been authorized by Sadashiv K. Shetty (Promoter Selling Shareholder) by his consent letter dated September 24, 2018; Babu K. Shetty (Selling Shareholder) by his consent letter dated September 25, 2018 and Vittala K. Bhandary (Selling Shareholder) by his consent letter dated September 25, 2018.

Sr. No.	Name of the Selling Shareholder	No. of Equity Shares Offered
1.	Sadashiv K. Shetty	71,36,000
2.	Babu K. Shetty	40,000
3.	Vittala K. Bhandary	40,000

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

### Mode of Payment of Dividend



Our Company will pay dividends, if declared, to our Shareholders in accordance with the provisions of Companies Act, our Memorandum of Association and our Articles of Association and provisions of the SEBI Listing Regulations and other applicable law. Any dividend declared after the date of Allotment in this Offer, will be received by the Allottees in accordance with applicable law. For further details in relation to dividends, see “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 167 and 328, respectively.

### **Face Value and Offer Price**

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and in consultation with the BRLM and advertised in [●] editions of [●], an English national newspaper, [●] editions of [●], a Hindi national newspaper and [●] editions of [●], a Gujarati newspaper (Gujarati being the regional language of Gujarat, where our registered office is located), each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

### **Compliance with disclosure and accounting norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and our AoA, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and our MoA and AoA.

For a detailed description of the main provisions of our AoA relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Main Provisions of Articles of Association*” on page 328.

### **Option to receive Equity Shares in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated March 19, 2012 among NSDL, our Company and the Registrar to the Offer; and
- Agreement dated May 28, 2018 among CDSL, our Company and the Registrar to the Offer.

### **Market Lot and Trading Lot**

Since trading of the Equity Shares will only be in dematerialized form, the tradable lot will be one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For details of basis of allotment, see “*Offer Procedure - Part B - Section 7: Allotment Procedure and Basis of Allotment*” on page 315.

## Joint Holders

Subject to the provisions contained in our Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

## Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai, India.

## Nomination Facility to Bidders

In accordance with Section 72 of the Companies Act, 2013, the sole Bidder, or the First Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), will be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of such Equity Shares. Where the nominee is a minor, the holders may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Shares in the event of his or her death during the minority. A nomination will stand rescinded upon a sale/transfer/alienation of Equity Shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 will upon the production of such evidence as may be required by our 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, our 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 90 days, our 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 Offer will be made only in dematerialized form there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant would prevail. If the Bidders wish to change the nomination, they are requested to inform their respective Depository Participant.

## Withdrawal of the Offer

Our Company in consultation with the BRLM, reserves the right not to proceed with the Offer after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

If our Company in consultation with the BRLM, withdraws the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, a fresh draft red herring prospectus will be filed and/or submitted with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

## Bid/Offer Program

BID/OFFER OPENS ON	[●](1)
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BID/OFFER CLOSES ON	[●](2)
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*(1) Our Company may, in consultation with the BRLM, consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period will be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations.*

*(2) Our Company may, in consultation with the BRLM, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

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

EVENT	INDICATIVE DATE
Bid/Offer Closing Date	[●]
Finalization of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

**The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Selling Shareholders or the BRLM.**

While our Company will ensure that all steps for the completion of the necessary formalities for the listing and commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they will extend all reasonable co-operation required by our Company and the BRLM for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.

#### **Submission of Bids (other than Bids from Anchor Investors)**

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

#### **On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

In case of any discrepancy in the data entered in the electronic book vis-a-vis data contained in physical Bid cum Application Form, for a particular Bidder the details of the Bid file received from Stock Exchanges may be taken as final data for purposes of Allotment.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids

may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday). None among our Company, the Selling shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Our Company and the BRLM, reserve the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares.

**In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries.**

### **Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Offer equivalent to up to 25% post-Offer paid up Equity Share capital of our Company (the minimum number of securities as specified under Rule 19(2)(b) of the SCRR), including devolvement of Underwriters, if any, within 60 days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law. The requirement for minimum subscription is not applicable to the Offer for Sale.

The Selling shareholders agree and acknowledge that in the event that any Equity Shares are not sold in the Offer for Sale on account of under-subscription, such unsold Equity Shares shall be subject to lock-in in accordance with this Draft Red Herring Prospectus and the SEBI ICDR Regulations.

Further, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer capital of our Company, minimum Promoters' Contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 60 and except as provided in our Articles of Association, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of the Articles of Association*" on page 328.

## OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated circular dated November 10, 2015 notified (CIR/CFD/POL/CYC/LL/11/2015 and SEBI circular bearing SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 (the "General Information Document") included below under "Part B - General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

*Our Company, the Selling shareholders and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.*

## PART A

### Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be Allotted to QIBs on a proportionate basis, provided that our Company in consultation with the BRLM may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. 5% of the net QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the BRLM and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

### Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and the Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLM.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including Eligible NRIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Category), FPIs or FVCIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors (Anchor Investors Application forms will be made available only at the Office of the BRLM)	White

*\*Excluding electronic Bid cum Application Form*

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account with ASBA facility, details of which were provided by the Bidder in his respective ASBA Form and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

#### **Participation by Promoters, Promoter Group, the BRLM, the Syndicate Members and persons related to the Promoters/Promoter Group/ BRLM**

The BRLM and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Category or in the Non- Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the BRLM nor any persons related to the BRLM (other than Mutual Funds sponsored by entities related to the BRLM), Promoters and members of our Promoter Group or any persons related to our Promoters or members of our Promoter Group can apply in the Offer under the Anchor Investor Portion.

#### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

#### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries and the BRLM at select locations as specified in the Bid cum Application Form. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

### **Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer 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 sectoral 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 shall be included.

The FEMA Regulations also provide that in case the total holding of an FPI in an Indian company increases to 10% or more of the total paid-up equity capital on a fully-diluted basis, the total investment made by the FPI shall be re-classified as FDI subject to the conditions as specified by the SEBI and the RBI and compliance by the investee company and the investor with the reporting requirements prescribed under the FEMA Regulations. The existing individual and aggregate investment limits for an FPI in our Company are less than 10% and not exceeding 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event:

- (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority;
- (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and
- (iii) such offshore derivative instruments shall not be issued to or transferred to persons who are resident Indians or non-resident Indians or to entities that are beneficially owned by resident Indians or non-resident Indians..

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

- a. offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- b. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF or FVCI registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up. Our Company, the Selling shareholders and the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserves the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company in consultation with the BRLM reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "Banking Regulation Act"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

#### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (No. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company in

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in equity shares of the investee company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time.

#### **Bids by provident funds/pension funds**



In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling shareholders in consultation with the BRLM reserve the right to reject any Bid, without assigning any reason thereof.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the BRLM reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof. Our Company and the Selling shareholders in consultation with the BRLM in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

#### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important Non-Banking Financial Companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form.

Failing this, our Company in consultation with the BRLM reserves the right to reject any Bid, without assigning any reason thereof. Systemically important non-banking financial companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The above information is given for the benefit of the Bidders. Our Company, the Selling shareholders and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus. The investment limits for Systemically Important Non-Banking Financial Companies shall be as prescribed by RBI from time to time.

#### **General Instructions**

##### ***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;
6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
7. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
9. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
11. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the case, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, ii) submitted by investors who are exempt from the requirement of obtaining/ specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts for investors who are exempt from the requirement of obtaining/ specifying their PAN for transacting in the securities market 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;
13. Ensure that the Demographic Details are updated, true and correct in all respects;
14. 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;
15. Ensure that the category and the investor status is indicated;
16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
17. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
18. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database; and
19. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum 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 Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
7. Do not submit the Bid for an amount more than funds available in your ASBA account.
8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
9. Do not submit more than five Bid cum Application Forms per ASBA account;
10. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
11. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository).
12. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
13. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries after you have submitted a Bid to the Designated Intermediary;
14. Do not Bid for shares more than specified by respective Stock Exchanges for each category;
15. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of this Red Herring Prospectus;
16. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder; and
17. Do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Designated Intermediary to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

#### **Payment into Escrow Account for Anchor Investors**

Our Company in consultation with the BRLM, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

In case of resident Anchor Investors: "[●]"

In case of Non-Resident Anchor Investors: "[●]"

#### **Pre- Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) All India editions of English national newspaper [●]; (ii) All India editions of Hindi national newspaper [●]; and (iii) [●] editions of Gujarati newspaper [●], each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

**The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling shareholders and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

#### **Signing of the Underwriting Agreement and the RoC Filing**

- a. Our Company, the Selling shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.
- b. After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

#### **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 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.

#### **Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Forms from Anchor Investors;
- it shall not have any recourse to the proceeds of the Fresh Issue until final listing and trading approvals have been received from the Stock Exchanges;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Promoters' contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees. **Not Applicable**
- the certificates of the securities/refund orders to Eligible NRIs shall be despatched within specified time; and
- no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under- subscription, etc.

### Undertakings by the Selling Shareholders

Only the statements and undertakings, in relation to each Selling shareholders and its portion of the Offered Shares, are statements which are specifically "confirmed" or "undertaken" by such Selling shareholders in this Draft Red Herring Prospectus and shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by such Selling Shareholders. All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholders.

Selling Shareholders, specifically confirms and undertakes the following in respect of itself and its portion of the Offered Shares:

- That they are the legal and beneficial owners of their respective proportion of the Offered Shares;
- That their respective Offered Shares (a) have been held by them for a minimum period as specified in Regulation 26(6) of the SEBI ICDR Regulations; and (b) are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances; and (c) shall be in dematerialized form at the time of transfer;
- That they shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges where listing is proposed have been obtained;
- That they shall provide all reasonable cooperation as requested by our Company in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the requisite extent of the Equity Shares in case of Anchor Investors, offered by them pursuant to the Offer;
- That they shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLM in redressal of such investor grievances that pertain to the Equity Shares held by them and being offered pursuant to the Offer;
- That they shall not further transfer Equity Shares during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted and Equity Shares to be Allotted pursuant to the Offer;
- That they shall take all such steps as may be required to ensure that the Equity Shares being sold by them pursuant to the Offer for Sale are available for transfer in the Offer for Sale, free and clear of any encumbrance, within the timelines specified under applicable laws; and
- That they have authorised the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of their respective proportion of Equity Shares offered as part of the Offer for Sale and they shall extend reasonable cooperation to our Company and the BRLM in the regard.

### **Utilisation of Offer Proceeds**

Our Board of Directors certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

The Company and Selling Shareholders, severally and not jointly, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in subsection 3 of Section 40 of the Companies Act, 2013.

## PART B

### General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer 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 Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("RHP")/Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Offer and on the website of Securities and Exchange Board of India ("SEBI") at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see "Glossary and Abbreviations" on page 320.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is inter-alia required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is inter-alia required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

## **2.4 Types of Public Issues - Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process ("Book Built Issue") or undertake a Fixed Price Offer ("Fixed Price Issue"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

## **2.5 ISSUE PERIOD**

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

## **2.6 FLOWCHART OF TIMELINES**

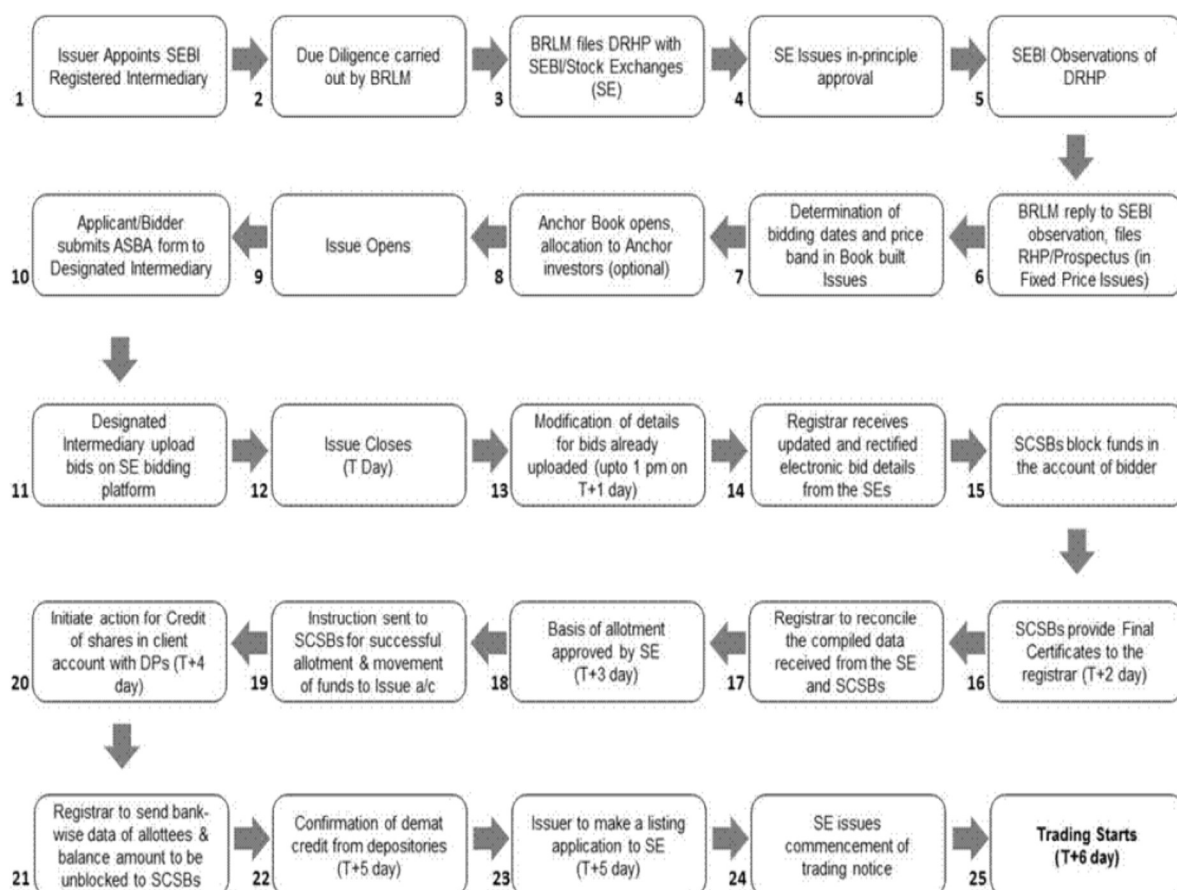
A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

In case of Offer other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

Step 7 : Determination of Offer Date and Price

Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries





### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

***Each Bidder/Applicant should check whether it is eligible to apply under applicable law.*** Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);

- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Bidder ("NIBs") category;
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

#### SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Issue:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Head Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs and FVCIs their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

#### 4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> Address : _____ Contact Details : _____ CIN No : _____	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>																							
LOGO TO, THE BOARD OF DIRECTORS XYZ LIMITED	<b>BOOK BUILT ISSUE</b> ISIN : _____	Bid cum Application Form No. _____																							
<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b> _____ <b>SUBBROKER'S / SUB-AGENTS STAMP &amp; CODE</b> _____ <b>BANK BRANCH SERIAL NO.</b> _____	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b> _____ <b>BROKER/SCSB/DP/RTA BRANCH STAMP &amp; CODE</b> _____ <b>SCSB SERIAL NO.</b> _____	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b> Mr. / Ms. _____ Address : _____ E-mail : _____ Tel. No (with STD code) / Mobile : _____ <b>2. PAN OF SOLE / FIRST BIDDER</b> _____																							
<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 10 digit Client ID _____		<b>6. INVESTOR STATUS</b> <input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family - HUF <input type="checkbox"/> Bodies Corporate - CB <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternative Investment Funds - AIF <input type="checkbox"/> Others (Please specify) - OTH																							
<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th rowspan="2">No. of Equity Shares Bid (in Figures) (Bid must be in multiples of Bid Lot as advertised)</th> <th colspan="3">Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (in Figures)</th> </tr> <tr> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>OR Option 2</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>OR Option 3</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table>		Bid Options	No. of Equity Shares Bid (in Figures) (Bid must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (in Figures)			Bid Price	Retail Discount	Net Price	Option 1	_____	_____	_____	_____	OR Option 2	_____	_____	_____	_____	OR Option 3	_____	_____	_____	_____	<b>5. CATEGORY</b> <input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB * HUF should apply only through Karta / Application by HUF would be treated on par with individual(s)
Bid Options	No. of Equity Shares Bid (in Figures) (Bid must be in multiples of Bid Lot as advertised)			Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (in Figures)																					
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Option 1	_____	_____	_____	_____																					
OR Option 2	_____	_____	_____	_____																					
OR Option 3	_____	_____	_____	_____																					
<b>7. PAYMENT DETAILS</b> Amount paid (₹ in figures) : _____ (₹ in words) : _____ ASBA Bank A/c No. : _____ Bank Name & Branch : _____ I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ANNEXURE PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTORS (GIDID) AND HEREBY AGREE AND CONFIRM THE "BIDDER / SUB-BROKER" AT OVERSIGHT OF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM (GIVEN OVER LEAF)																									
<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b> _____ Date : _____	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to debit my/our account in accordance to the Application in the line (1) _____ (2) _____ (3) _____	<b>BROKER / SCSB / DP / RTA STAMP</b> (Acknowledging option do / Bid in Book Exchange system) _____																							
TEAR HERE																									
LOGO <b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - R</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	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 : _____ Email : _____ Stamp & Signature of SCSB Branch : _____																							
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<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> No. of Equity Shares : _____ Bid Price : _____ Amount Paid (₹) : _____ ASBA Bank A/c No. : _____ Bank & Branch : _____	<b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b> _____	Name of Sole / First Bidder : _____ <b>Acknowledgement Slip for Bidder</b> Bid cum Application Form No. _____																							

<div style="text-align: center;"> <b>COMMON BID CUM APPLICATION FORM</b> </div>	<div style="text-align: center;"> <b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b> </div>	<div style="text-align: center;"> <b>FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS</b> </div>																												
<b>Address :</b> _____ <b>Contact Details :</b> _____ <b>CEN No</b> _____		<b>Bid cum Application Form No.</b> _____																												
<b>LOGO</b>	<b>TO,</b> <b>THE BOARD OF DIRECTORS</b> <b>XYZ LIMITED</b>	<div style="border: 1px solid black; padding: 2px;"> <b>BOOK BUILT ISSUE</b>  <b>ISIN :</b> _____         </div>																												
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<b>6. INVESTOR STATUS</b> <input type="checkbox"/> NRI Non-Resident Indian(s) (Repatriation basis) <input type="checkbox"/> FII FII or Sub-account not a Corporate/Foreign Individual <input type="checkbox"/> FIISA FII Sub-account Corporate/Individual <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FPI Foreign Portfolio Investors <input type="checkbox"/> OTH Others (Please Specify) _____																														
<b>7. PAYMENT DETAILS</b> <b>Amount paid (₹ in figures)</b> _____ <b>(₹ in words)</b> _____ <b>ASBA</b> <b>Bank A/c No.</b> _____ <b>Bank Name &amp; Branch</b> _____ <b>PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/></b>																														
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<b>LOGO</b>	<div style="text-align: center;"> <b>XYZ LIMITED</b>  <b>INITIAL PUBLIC ISSUE - NR</b> </div>	<div style="text-align: center;"> <b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>  <b>Bid cum Application Form No.</b> _____  <b>PAN of Sole / First Bidder</b> _____       </div>																												
<b>DPID / CI ID</b> _____	<b>Amount paid (₹ in figures)</b> _____ <b>Bank &amp; Branch</b> _____ <b>ASBA Bank A/c No.</b> _____ <b>Received from Mr./Ms.</b> _____ <b>Telephone / Mobile</b> _____ <b>Email</b> _____	<b>Stamp &amp; Signature of SCSB Branch</b> _____																												
TEAR HERE																														
<div style="text-align: center;"> <b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b> </div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> </thead> <tbody> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>ASBA Bank A/c No.</td> <td colspan="3"></td> </tr> <tr> <td>Bank &amp; Branch</td> <td colspan="3"></td> </tr> </tbody> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Amount Paid (₹)				ASBA Bank A/c No.				Bank & Branch				<div style="text-align: center;"> <b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b>          _____  <b>Name of Sole / First Bidder</b>          _____  <b>Acknowledgement Slip for Bidder</b>  <b>Bid cum Application Form No.</b> _____       </div>				
	Option 1	Option 2	Option 3																											
No. of Equity Shares																														
Bid Price																														
Amount Paid (₹)																														
ASBA Bank A/c No.																														
Bank & Branch																														

#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

- a. Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- b. **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e- mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.
- c. **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders.
- d. **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section of Section 38 of the Companies Act, 2013 which is reproduced below:

**"Any person who:**

- a) **makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or**
- b) **makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or**
- c) **otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,**

**shall be liable for action under Section 447."**

**The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.**

- e. **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### **4.1.2 FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

- a. PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- b. PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts, Bids/Applications by investors who are exempt from the requirement of obtaining/ specifying their PAN for transacting in the securities market and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- c. The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d. Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

- e. Bids/Applications by Bidders/Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

#### 4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

- a. Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- b. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- c. Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to an Offer.
- d. Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

#### 4.1.4 FIELD NUMBER 4: BID OPTIONS

- a. Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.
- b. The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (for further details Bidders may refer to Section 5.6 (e)).
- c. **Cut-Off Price:** Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.
- d. **Minimum Application Value and Bid Lot:** The Issuer and the selling shareholder(s) in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- e. **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

##### 4.1.4.1 Maximum and Minimum Bid Size

- i. The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.
- ii. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.



- iii. For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- iv. Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at Cut-off Price.
- v. In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- vi. For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.
- vii. A Bid cannot be submitted for more than the Offer size.
- viii. The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- ix. The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 Multiple Bids

- a. Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- b. Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:
  - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- c. The following Bids may not be treated as multiple Bids:



- i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Offer portion in public category.
- ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
- iii. Bids by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
- iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### **4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS/APPLICANTS**

- a. The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, NIBs and QIBs.
- b. Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.
- c. An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.
- d. The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- a. Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.
- b. Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- c. Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- d. Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD NUMBER 7: PAYMENT DETAILS**

- a. The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Offer, RIBs should indicate the full Bid Amount in the Bid cum Application Form and funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- b. RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.
- c. All Bidders (except Anchor Investors) have to participate in the Offer only through the ASBA mechanism.
- d. Bid Amount cannot be paid in cash, through money order or through postal order.

#### **4.1.7.1 Instructions for Anchor Investors:**

- a. Anchor Investors may submit their Bids with a Book Running Lead Manager.
- b. Payments should be made either by direct credit, NACH, RTGS or NEFT.
- c. The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

#### **4.1.7.2 Payment instructions for ASBA Bidders**

- a. Bidders may submit the ASBA Form either
  - i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - ii. in physical mode to any Designated Intermediary.
- b. Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- c. Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
- d. Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- e. From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- f. Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- g. Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.
- h. Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- i. Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- j. If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- k. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
- l. Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.
- m. The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue

Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

- n. SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- a. Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- b. On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- c. In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

#### **4.1.7.3 Discount (if applicable)**

- a. The Discount is stated in absolute rupee terms.
- b. Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.
- c. The Bidders entitled to the applicable Discount in the Offer may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

#### **4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- a. Only the First Bidder/Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- b. If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.
- c. The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- d. Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

#### **4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- a. Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.
- b. All communications in connection with Bids made in the Offer may be addressed to the Registrar to the Offer

with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- a. During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- b. RIB may revise their bids or withdraw their Bids till the Bid/Offer Closing Date.
- c. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- d. The Bidder/Applicant can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

N

## N

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

- a. Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- b. In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- c. In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.
- d. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid, where possible, shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.
- e. In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

#### 4.2.3 FIELD 6: PAYMENT DETAILS

- a. All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- b. Bidder/Applicants may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- c. In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- d. In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of basis of allotment.

#### 4.2.4 FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

This being Book Building Offer, the instructions for fixed price issue is not applicable.

### 4.4 SUBMISSION OF BID CUM APPLICATION FORM/APPLICATION FORM/REVISION FORM

#### 4.4.1 Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investors Application Form
ASBA Form	1) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the DP at the Designated DP Location 2) To the Designated Branches of the SCSBs

- Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.
- Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

## SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

### 5.1 SUBMISSION OF BIDS

- During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.
- In case of Bidders/Applicants (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

### 5.2 ELECTRONIC REGISTRATION OF BIDS

- The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1 p.m. on the next Working Day following the Bid/Offer Closing Date

to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

### 5.3 BUILD UP OF THE BOOK

- a. Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.
- b. Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

### 5.4 WITHDRAWAL OF BIDS

- a. RIBs can withdraw their Bids until Bid/Offer Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- b. The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of basis of allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

### 5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

- a. The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - i. the Bids accepted by the Designated Intermediary,
  - ii. the Bids uploaded by the Designated Intermediary, and
  - iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediary.
- b. The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.
- c. The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- d. In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- e. All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.

Any RIB whose Bid has not been considered for Allotment, due to failures on the part of the SCSB may seek redressal from the concerned SCSB within three months of the listing date in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

#### 5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various places in this GID:-

- a. Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);



- b. Bids/Applications by OCBs;
- c. In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- d. In case of Bids/Applications under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not being submitted along with the Bid cum application form;
- e. Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- f. Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- g. PAN not mentioned in the Bid cum Application Form/Application Forms except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- h. In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- i. Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- j. Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- k. Bids/Applications at Cut-off Price by NIBs and QIBs;
- l. The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- m. Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- n. Submission of more than five ASBA Forms/Application Forms per ASBA Account;
- o. Bids/Applications for number of Equity Shares which are not in multiples Equity Shares as specified in the RHP;
- p. Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- q. Bids not uploaded in the Stock Exchanges bidding system.
- r. Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;
- s. Where no confirmation is received from SCSB for blocking of funds;
- t. Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- u. Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Offer;
- v. Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- w. Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## **BASIS OF ALLOCATION**

- a. The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the

Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

- b. Under-subscription in any category (except QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and the selling shareholder(s) and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- c. In case of under subscription in the Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

**d. Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹20 to ₹24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.70%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹22.00 in the above example. The issuer and the selling shareholders, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, i.e., at or below ₹22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

**e. Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer.** As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIBs**

Bids received from the RIBs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot ("Maximum RIB Allottees"). The Allotment to the RIBs will then be made in the following manner:

- a. In the event the number of RIBs who have submitted valid Bids in the Offer is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- b. In the event the number of RIBs who have submitted valid Bids in the Offer is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

### **7.2 ALLOTMENT TO NIBs**

Bids received from NIBs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non- Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

### **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

- a. In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;
- b. In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

#### 7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- a. Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer and the Selling Shareholders in consultation with the BRLMs, subject to compliance with the following requirements:
  - i. not more than 60% of the QIB Category will be allocated to Anchor Investors;
  - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹100 million;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100 million and up to ₹2,500 million subject to minimum Allotment of ₹50 million per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof, subject to minimum Allotment of ₹50 million per such Anchor Investor.
- b. An Anchor Investor shall make an application of a value of at least ₹100 million in the Offer.
- c. A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer and the selling shareholder(s) in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- d. **In the event that the Offer Price is higher than the Anchor Investor Offer Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- e. **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

#### 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- a. Bidders may be categorized according to the number of Equity Shares applied for;
- b. The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- c. The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- d. In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- e. If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number.
- f. Allotment to all Bidders in such categories may be arrived at after such rounding off; and
- g. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- a. **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Offer. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- b. **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

- c. The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- d. Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date.

## SECTION 8: INTEREST AND REFUNDS

## 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories within six Working Days of the Bid/Offer Closing Date.

## 8.2 GROUNDS FOR REFUND

### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹5 lakhs but which may extend to ₹50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹50,000 but which may extend to ₹3 lakhs, or with both.

If the permissions to deal in and an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

### 8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvment to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer involving a Fresh Issue and an Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

### 8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

### 8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

## 8.3 MODE OF REFUND

- a. **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

- b. **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- c. In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

### 8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- a. **NACH**-National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;
- b. **NEFT**-Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- c. **RTGS**-Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.
- d. **Direct Credit**-Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Offer 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 Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer and the selling shareholder(s) in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
Application Supported by Blocked Amount Form /ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidder	All Bidders/Applicants except Anchor Investors
Banker(s) to the Offer/Escrow Collection Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid



	should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Period
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Offer Period

Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by the Issuer and the selling shareholder(s) in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )

Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI
Investors or FVCIs	(Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a

	cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non Institutional Bidders or NIBs	All Bidders/Applicants registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer and the selling shareholder(s) in consultation with the Book Running Lead Manager(s)

PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer and the selling shareholder(s) in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer and the selling shareholder(s) in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Issue Account	A Bank account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible

	Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Bidders/ RIBs	Investors who applies or bids for a value of not more than ₹200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self-Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All trading days of Stock Exchanges, excluding Sundays and holidays for commercial banks in Mumbai.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Accordingly, the process for foreign direct investment ("FDI") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017 has notified the specific ministries handling relevant sectors.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP issued the Consolidated Foreign Direct Investment Policy notified by the D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017 which with effect from August 28, 2017 (the "FDI Policy"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to August 28, 2017. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the 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 RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The above information is given for the benefit of the Bidders. Our Company, the BRLM and the Selling Shareholders are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

## SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

THE COMPANIES ACT, 2013  
(COMPANY LIMITED BY SHARES)  
ARTICLES OF ASSOCIATION  
OF  
HERANBA INDUSTRIES LIMITED

Sr. No	Particulars	
1.	No regulation contained in Table “F” in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of 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 these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto.	<b>Table F Applicable.</b>
	<b>Interpretation Clause</b>	
2.	In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:	
(a)	"The Act" means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.	<b>Act</b>
(b)	"These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution.	<b>Articles</b>
(c)	"Auditors" means and includes those persons appointed as such for the time being of the Company.	<b>Auditors</b>
(d)	"Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.	<b>Capital</b>
(e)	*"The Company" shall mean HERANBA INDUSTRIES LIMITED	
(f)	"Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.	<b>Executor or Administrator</b>
(g)	"Legal Representative" means a person who in law represents the estate of a deceased Member.	<b>Legal Representative</b>
(h)	Words importing the masculine gender also include the feminine gender.	<b>Gender</b>
(i)	"In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form.	<b>In Writing and Written</b>
(j)	The marginal notes hereto shall not affect the construction thereof.	<b>Marginal notes</b>
(k)	"Meeting" or "General Meeting" means a meeting of members.	<b>Meeting or General Meeting</b>
(l)	"Month" means a calendar month.	<b>Month</b>
(m)	"Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.	<b>Annual General Meeting</b>
(n)	"Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.	<b>Extra-Ordinary General Meeting</b>
(o)	"National Holiday" means and includes a day declared as National Holiday by the Central Government.	<b>National Holiday</b>
(p)	"Non-retiring Directors" means a director not subject to retirement by rotation.	<b>Non-retiring Directors</b>
(q)	"Office" means the registered Office for the time being of the Company.	<b>Office</b>
(r)	"Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.	<b>Ordinary and Special Resolution</b>
(s)	"Person" shall be deemed to include corporations and firms as well as	<b>Person</b>



Sr. No	Particulars	
	individuals.	
	(t) “Proxy” means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.	<b>Proxy</b>
	(u) “The Register of Members” means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act.	<b>Register of Members</b>
	(v) "Seal" means the common seal for the time being of the Company.	<b>Seal</b>
	(w) Words importing the Singular number include where the context admits or requires the plural number and vice versa.	<b>Singular number</b>
	(x) “The Statutes” means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.	<b>Statutes</b>
	(y) “These presents” means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.	<b>These presents</b>
	(z) “Variation” shall include abrogation; and “vary” shall include abrogate.	<b>Variation</b>
	(aa) “Year” means the calendar year and “Financial Year” shall have the meaning assigned thereto by Section 2(41) of the Act.	<b>Year and Financial Year</b>
	Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.	<b>Expressions in the Act to bear the same meaning in Articles</b>
	<b>CAPITAL</b>	
3.	The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.	<b>Authorized Capital.</b>
4.	The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. 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 Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.	<b>Increase of capital by the Company how carried into effect</b>
5.	Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.	<b>New Capital same as existing capital</b>
6.	The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.	<b>Non Voting Shares</b>
7.	Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit.	<b>Redeemable Preference Shares</b>
8.	The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.	<b>Voting rights of preference shares</b>
9.	On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect: (a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;	<b>Provisions to apply on issue of Redeemable Preference Shares</b>

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	<p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(c) Subject to section 55(2)(d)(i) 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 security premium account, before the Shares are redeemed;</p> <p>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and</p> <p>(e) Subject to the provisions of Section 55 of the Act, 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. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital</p>	
10.	<p>The Company may (subject to the provisions of sections 52, 55, 66, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce</p> <p>(a) the share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any security premium account</p> <p>In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>	<b>Reduction of capital</b>
11.	<p>Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise 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, drawing, allotment of shares, attending (but not voting) at the General Meeting, 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 the General Meeting by a Special Resolution.</p>	<b>Debentures</b>
12.	<p>The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.</p>	<b>Issue of Sweat Equity Shares</b>
13.	<p>The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called.</p>	<b>ESOP</b>
14.	<p>Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.</p>	<b>Buy Back of shares</b>
15.	<p>Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.</p>	<b>Consolidation, Sub-Division And Cancellation</b>
16.	<p>Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any</p>	<b>Issue of Depository Receipts</b>

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	foreign country.	
17.	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.	<b>Issue of Securities</b>
	<b>MODIFICATION OF CLASS RIGHTS</b>	
18.	(a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting. Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.	<b>Modification of rights</b>
	(b) The rights conferred upon the holders of the Shares including Preference Share, 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.	<b>New Issue of Shares not to affect rights attached to existing shares of that class.</b>
19.	Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. That option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings.	<b>Shares at the disposal of the Directors.</b>
20.	The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder.	<b>Power to issue shares on preferential basis.</b>
21.	The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.	<b>Shares should be Numbered progressively and no share to be subdivided.</b>
22.	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.	<b>Acceptance of Shares.</b>
23.	Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or	<b>Directors may allot shares as full paid-up</b>

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	machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.	
24.	The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.	<b>Deposit and call etc. to be a debt payable immediately.</b>
25.	Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.	<b>Liability of Members.</b>
26.	Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.	<b>Registration of Shares.</b>
	<b>RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT</b>	
27.	The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Sections 39 of the Act	
	<b>CERTIFICATES</b>	
28.	<p>(a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) 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 for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. 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 cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.</p> <p>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the</p>	<b>Share Certificates.</b>

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	<p>Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.</p> <p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p>	
29.	<p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, 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 if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- 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.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p>	<p><b>Issue of new certificates in place of those defaced, lost or destroyed.</b></p>
30.	<p>(a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.</p>	<p><b>The first named joint holder deemed Sole holder.</b></p>
	<p>(b) The Company shall not be bound to register more than three persons as the joint holders of any share.</p>	<p><b>Maximum number of joint holders.</b></p>
31.	<p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.</p>	<p><b>Company not bound to recognise any interest in share other than that of registered holders.</b></p>
32.	<p>If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment 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 share or his legal representative.</p>	<p><b>Installment on shares to be duly paid.</b></p>
	<b>UNDERWRITING AND BROKERAGE</b>	
33.	<p>Subject to the provisions of Section 40 (6) of the Act, 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 in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.</p>	<p><b>Commission</b></p>



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<b>34.</b>	The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.	<b>Brokerage</b>
	<b>CALLS</b>	
<b>35.</b>	(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. (2) A call may be revoked or postponed at the discretion of the Board. (3) A call may be made payable by installments.	<b>Directors may make calls</b>
<b>36.</b>	Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.	<b>Notice of Calls</b>
<b>37.</b>	A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed 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 may be fixed by Directors.	<b>Calls to date from resolution.</b>
<b>38.</b>	Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.	<b>Calls on uniform basis.</b>
<b>39.</b>	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.	<b>Directors may extend time.</b>
<b>40.</b>	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.	<b>Calls to carry interest.</b>
<b>41.</b>	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment 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 installment accordingly.	<b>Sums deemed to be calls.</b>
<b>42.</b>	On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	<b>Proof on trial of suit for money due on shares.</b>
<b>43.</b>	Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall	<b>Judgment, partial motto, decree, payment proceed</b>

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	from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.	<b>for forfeiture.</b>
44.	<p>(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing; provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.</p>	<b>Payments in Anticipation of calls may carry interest</b>
	<b>LIEN</b>	
45.	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause. That fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares	<b>Company to have Lien on shares.</b>
46.	For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall 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 lieu thereof to the purchaser or purchasers concerned.	<b>As to enforcing lien by sale.</b>
47.	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.	<b>Application of proceeds of sale.</b>
	<b>FORFEITURE AND SURRENDER OF SHARES</b>	

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48.	If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.	<b>If call or installment not paid, notice maybe given.</b>
49.	The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid 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 or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.	<b>Terms of notice.</b>
50.	If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.	<b>On default of payment, shares to be forfeited.</b>
51.	When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.	<b>Notice of forfeiture to a Member</b>
52.	Any shares 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 thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.	<b>Forfeited shares to be property of the Company and maybe sold etc.</b>
53.	Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.	<b>Members still liable to pay money owing at time of forfeiture and interest.</b>
54.	The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand 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.	<b>Effect of forfeiture.</b>
55.	A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have 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 shares.	<b>Evidence of forfeiture.</b>
56.	The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor	<b>Title of purchaser and allottee of Forfeited shares.</b>



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	shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.	
57.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.	<b>Cancellation of share certificate in respect of forfeited shares.</b>
58.	In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.	<b>Forfeiture may be remitted.</b>
59.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.	<b>Validity of sale</b>
60.	The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.	<b>Surrender of shares.</b>
<b>TRANSFER AND TRANSMISSION OF SHARES</b>		
61.	(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee. (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.	<b>Execution of the instrument of shares.</b>
62.	The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. The instrument of transfer shall be in a common form approved by the Exchange;	<b>Transfer Form.</b>
63.	The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.	<b>Transfer not to be registered except on production of instrument of transfer.</b>
64.	Subject to the provisions of Section 58 of the Act and Section 22A of the	<b>Directors may refuse</b>

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	Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register— (a) any transfer of shares on which the company has a lien. That registration of transfer shall however 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;	<b>to register transfer.</b>
65.	If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month 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 transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.	<b>Notice of refusal to be given to transferor and transferee.</b>
66.	No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.	<b>No fee on transfer.</b>
67.	The Board of Directors shall have power on giving not less than seven days pervious notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security 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 at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.	<b>Closure of Register of Members or debentureholder or other security holders..</b>
68.	The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.	<b>Custody of transfer Deeds.</b>
69.	Where an application of transfer 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.	<b>Application for transfer of partly paid shares.</b>
70.	For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier 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.	<b>Notice to transferee.</b>
71.	(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares. (b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate (c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.	<b>Recognition of legal representative.</b>
72.	The Executors or Administrators of a deceased Member or holders 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	<b>Titles of Shares of deceased Member</b>

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	the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative 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 Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act.	
73.	Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.	<b>Notice of application when to be given</b>
74.	Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as 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 an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.	<b>Registration of persons entitled to share otherwise than by transfer.(transmission clause).</b>
75.	Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.	<b>Refusal to register nominee.</b>
76.	Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.	<b>Board may require evidence of transmission.</b>
77.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, 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 require to regard or attend or give effect to any notice which may be given to them 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 of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.	<b>Company not liable for disregard of a notice prohibiting registration of transfer.</b>
78.	In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.	<b>Form of transfer Outside India.</b>
79.	No transfer shall be made to any minor, insolvent or person of unsound mind.	<b>No transfer to insolvent etc.</b>

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	<b>NOMINATION</b>	
80.	<p>i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.</p> <p>ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014</p> <p>iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.</p> <p>iv) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.</p>	<b>Nomination</b>
81.	<p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <p>(i) to be registered himself as holder of the security, as the case may be; or</p> <p>(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;</p> <p>(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;</p> <p>(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.</p>	<b>Transmission of Securities by nominee</b>
	<b>DEMATERIALIZATION OF SHARES</b>	
82.	Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form.	<b>Dematerialisation of Securities</b>
	<b>JOINT HOLDER</b>	
83.	Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles.	<b>Joint Holders</b>
84.	(a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.	<b>Joint and several liabilities for all payments in respect of shares.</b>
	(b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;	<b>Title of survivors.</b>
	(c) Any one of two or more joint holders of a share may give effectual receipts	<b>Receipts of one</b>

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	of any dividends or other moneys payable in respect of share; and	<b>sufficient.</b>
	(d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.	<b>Delivery of certificate and giving of notices to first named holders.</b>
	<b>SHARE WARRANTS</b>	
85.	The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.	<b>Power to issue share warrants</b>
86.	<p>(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant.</p> <p>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.</p>	<b>Deposit of share warrants</b>
87.	<p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p>	<b>Privileges and disabilities of the holders of share warrant</b>
88.	The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.	<b>Issue of new share warrant coupons</b>
	<b>CONVERSION OF SHARES INTO STOCK</b>	
89.	<p>The Company may, by ordinary resolution in General Meeting.</p> <p>a) convert any fully paid-up shares into stock; and</p> <p>b) re-convert any stock into fully paid-up shares of any denomination.</p>	<b>Conversion of shares into stock or reconversion.</b>
90.	The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.	<b>Transfer of stock.</b>
91.	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.	<b>Rights of stock holders.</b>



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<b>92.</b>	Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.	<b>Regulations.</b>
	<b>BORROWING POWERS</b>	
<b>93.</b>	Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.	<b>Power to borrow.</b>
<b>94.</b>	Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.	<b>Issue of discount etc. or with special privileges.</b>
<b>95.</b>	The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.	<b>Securing payment or repayment of Moneys borrowed.</b>
<b>96.</b>	Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.	<b>Bonds, Debentures etc. to be under the control of the Directors.</b>
<b>97.</b>	If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall 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.	<b>Mortgage of uncalled Capital.</b>
<b>98.</b>	Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.	<b>Indemnity may be given.</b>
	<b>MEETINGS OF MEMBERS</b>	
<b>99.</b>	All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.	<b>Distinction between AGM &amp; EGM.</b>
<b>10</b>	(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to	<b>Extra-Ordinary General Meeting by Board and by</b>

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	convene Extra-Ordinary General Meeting of the members	<b>requisition</b>
	(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.	<b>When a Director or any two Members may call an Extra Ordinary General Meeting</b>
10	No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.	<b>Meeting not to transact business not mentioned in notice.</b>
10	The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.	<b>Chairman of General Meeting</b>
10	No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.	<b>Business confined to election of Chairman whilst chair is vacant.</b>
10	a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place. b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.	<b>Chairman with consent may adjourn meeting.</b>
10	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.	<b>Chairman's casting vote.</b>
10	Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.	<b>In what case poll taken without adjournment.</b>
10	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.	<b>Demand for poll not to prevent transaction of other business.</b>
<b>VOTES OF MEMBERS</b>		
10	No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum 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 or lien.	<b>Members in arrears not to vote.</b>
10	Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every	<b>Number of votes each member entitled.</b>

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	Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.	
<b>11</b>	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.	<b>Casting of votes by a member entitled to more than one vote.</b>
<b>11</b>	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor 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.	<b>Vote of member of unsound mind and of minor</b>
<b>11</b>	Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.	<b>Postal Ballot</b>
<b>11</b>	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.	<b>E-Voting</b>
<b>11</b>	a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof. b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.	<b>Votes of joint members.</b>
<b>11</b>	Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles	<b>Votes may be given by proxy or by representative</b>
<b>11</b>	A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.	<b>Representation of a body corporate.</b>
<b>11</b>	(a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.	<b>Members paying money in advance.</b>
	(b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.	<b>Members not prohibited if share not held for any specified period.</b>
<b>11</b>	Any person entitled under Article 73 (transmission clause) to transfer any share	<b>Votes in respect of</b>



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	may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that 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 right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.	<b>shares of deceased or insolvent members.</b>
11	No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.	<b>No votes by proxy on show of hands.</b>
12	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.	<b>Appointment of a Proxy.</b>
12	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.	<b>Form of proxy.</b>
12	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.	<b>Validity of votes given by proxy notwithstanding death of a member.</b>
12	No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.	<b>Time for objections to votes.</b>
12	Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.	<b>Chairperson of the Meeting to be the judge of validity of any vote.</b>
<b>DIRECTORS</b>		
12	Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution	<b>Number of Directors</b>
12	A Director of the Company shall not be bound to hold any Qualification Shares in the Company.	<b>Qualification shares.</b>
12	(a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement (b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.	<b>Nominee Directors.</b>

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	<p>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p>	
12	The Board may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so 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.	<b>Appointment of alternate Director.</b>
12	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.	<b>Additional Director</b>
13	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.	<b>Directors power to fill casual vacancies.</b>
13	Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.	<b>Sitting Fees.</b>
13	The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of 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.	<b>Travelling expenses Incurred by Director on Company's business.</b>
<b>PROCEEDING OF THE BOARD OF DIRECTORS</b>		
13	<p>(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.</p> <p>(b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p>	<b>Meetings of Directors.</b>
13	<p>a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.</p> <p>b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.</p>	<b>Chairperson</b>
13	Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.	<b>Questions at Board meeting how decided.</b>
13	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose	<b>Continuing directors may act notwithstanding any</b>

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	of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.	<b>vacancy in the Board</b>
13	Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.	<b>Directors may appoint committee.</b>
13	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.	<b>Committee Meeting show to be governed.</b>
13	a) A committee may elect a Chairperson of its meetings. b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.	<b>Chairperson of Committee Meetings</b>
14	a) A committee may meet and adjourn as it thinks fit. b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.	<b>Meetings of the Committee</b>
14	Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.	<b>Acts of Board or Committee shall be valid notwithstanding defect in appointment.</b>
	<b>RETIREMENT AND ROTATION OF DIRECTORS</b>	
14	Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.	<b>Power to fill casual vacancy</b>
	<b>POWERS OF THE BOARD</b>	
14	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 may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation 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.	<b>Powers of the Board</b>
14	Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say	<b>Certain powers of the Board</b>
	(1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company	<b>To acquire any property , rights etc.</b>

<b>Sr. No</b>	<b>Particulars</b>	
	carrying on the business which this Company is authorised to carry on, in any part of India.	
(2)	Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.	<b>To take on Lease.</b>
(3)	To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.	<b>To erect &amp; construct.</b>
(4)	At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share 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 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.	<b>To pay for property.</b>
(5)	To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.	<b>To insure properties of the Company.</b>
(6)	To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.	<b>To open Bank accounts.</b>
(7)	To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.	<b>To secure contract sby way of mortgage.</b>
(8)	To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.	<b>To accept surrender of shares.</b>
(9)	To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to 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.	<b>To appoint trustees for the Company.</b>
(10)	To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or 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 or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.	<b>To conduct legal proceedings.</b>
(11)	To act on behalf of the Company in all matters relating to bankruptcy insolvency.	<b>Bankruptcy &amp; Insolvency</b>
(12)	To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.	<b>To issue receipts &amp; give discharge.</b>

Sr. No	Particulars	
	(13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (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 Act, all investments shall be made and held in the Company's own name.	<b>To invest and deal with money of the Company.</b>
	(14) 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 as surety, for the benefit of the Company, such mortgage of the Company's property (present or 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;	<b>To give Security by way of indemnity.</b>
	(15) To determine from time to time persons 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, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.	<b>To determine signing powers.</b>
	(16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.	<b>Commission or share in profits.</b>
	(17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.	<b>Bonus etc. to employees.</b>
	(18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock 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 purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power 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.	<b>Transfer to Reserve Funds.</b>
	(19) 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	<b>To appoint and remove officers and other employees.</b>



Sr. No	Particulars	
	remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.	
	(20) 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 authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think 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 manager 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 for 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.	<b>To appoint Attorneys.</b>
	(21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose 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.	<b>To enter into contracts.</b>
	(22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.	<b>To make rules.</b>
	(23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.	<b>To effect contracts etc.</b>
	(24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.	<b>To apply &amp; obtain concessions licenses etc.</b>
	(25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.	<b>To pay commissions or interest.</b>
	(26) To redeem preference shares.	<b>To redeem preference shares.</b>
	(27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.	<b>To assist charitable or benevolent institutions.</b>
	(28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. (29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.	
	(30) To provide for the welfare of Directors or ex-Directors or employees or ex-	

Sr. No	Particulars	
	<p>employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p>	
	<p>(31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>(32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>(33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>(34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>(35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>(36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>(37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p> <p>(38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p>	
	<b>MANAGING AND WHOLE-TIME DIRECTORS</b>	
14	<p>a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>b) The Managing Director or Managing Directors or whole-time Director or</p>	<b>Powers to appoint Managing/Wholetime Directors.</b>

Sr. No	Particulars	
	whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.	
14	The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.	<b>Remuneration of Managing or Wholetime Director.</b>
14	<p>(1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and 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 such powers.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p>	<b>Powers and duties of Managing Director or Whole-time Director.</b>
	<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>	
14	<p>a) Subject to the provisions of the Act,—</p> <p>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p> <p>b) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief</p>	<b>Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer</b>



Sr. No	Particulars	
	executive officer, manager, company secretary or chief financial officer.	
	<b>THE SEAL</b>	
14	(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. (b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.	<b>The seal, its custody and use.</b>
15	The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.	<b>Deeds how executed.</b>
	<b>Dividend and Reserves</b>	
15	(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 providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.	<b>Division of profits.</b>
15	The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests 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.	<b>The company in General Meeting may declare Dividends.</b>
15	a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit. b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.	<b>Transfer to reserves</b>
15	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.	<b>Interim Dividend.</b>
15	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.	<b>Debts may be deducted.</b>
15	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share.	<b>Capital paid up in advance not to earn dividend.</b>
15	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	<b>Dividends in proportion to amount paid-up.</b>

Sr. No	Particulars	
	that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.	
15	The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles 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.	<b>Retention of dividends until completion of transfer under Articles .</b>
15	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 payable to any member all such sums of money so due from him to the Company.	<b>No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.</b>
16	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.	<b>Effect of transfer of shares.</b>
16	Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.	<b>Dividend to joint holders.</b>
16	a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct. b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.	<b>Dividends how remitted.</b>
16	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	<b>Notice of dividend.</b>
16	No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.	<b>No interest on Dividends.</b>
<b>CAPITALIZATION</b>		
16	(1) The Company in General Meeting may, upon the recommendation of the Board, resolve: (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards: (i) paying up any amounts for the time being unpaid on any shares held by such members respectively; (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii). (3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.	<b>Capitalization.</b>

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	(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.	
16	<p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and</p> <p>(b) generally to do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power -</p> <p>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such 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, of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(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 certificates as they think fit.</p>	<b>Fractional Certificates.</b>
16	<p>(1) The books containing the minutes of the proceedings of any General Meetings 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 Act 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.</p> <p>(2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof.</p>	<b>Inspection of Minutes Books of General Meetings.</b>
16	<p>a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.</p> <p>b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.</p>	<b>Inspection of Accounts</b>
	<b>FOREIGN REGISTER</b>	
16	The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.	<b>Foreign Register.</b>
	<b>DOCUMENTS AND SERVICE OF NOTICES</b>	
17	Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.	<b>Signing of documents &amp; notices to be served or given.</b>
17	Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the	<b>Authentication of documents and</b>

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	Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.	<b>proceedings.</b>
	<b>WINDING UP</b>	
17	Subject to the provisions of Chapter XX of the Act and rules made thereunder— (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not. (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.	
	<b>INDEMNITY</b>	
17	Subject to provisions of the Act, 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 to pay, out of the funds of the Company, 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 judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.	<b>Directors' and others right to indemnity.</b>
17	Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense 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 the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.	<b>Not responsible for acts of others</b>
	<b>SECRECY</b>	
17	(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.	<b>Secrecy</b>
	(b) No member or other person (other than a Director) shall be entitled to enter	<b>Access to property</b>

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	the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.	<b>information etc.</b>

## SECTION IX – 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 the Draft Red Herring 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 were attached to the copy of the Draft Red Herring Prospectus which will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, will be made available for inspection at the Registered Office of our Company located at Plot No. 1504 / 1505 / 1506/1 GIDC, Phase-III, Vapi, Valsad – 396 195, Gujarat, India, from 10.00 a.m. to 5.00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

#### Material Contracts

1. Memorandum of Understanding dated September 25, 2018 between our Company, the Selling shareholders and the Book Running Lead Manager.
2. Agreement between Bigshare Services Private Limited and our Company dated September 25, 2018 appointing them as the Registrar to the Offer.
3. Cash Escrow Agreement dated [●] entered into among our Company, the Selling Shareholder, the Registrar to the Offer, the BRLM, the Escrow Collection Bank(s) and the Refund Bank(s).
4. Share Escrow Agreement dated [●] entered into among the Selling Shareholder, our Company and the Share Escrow Agent.
5. Underwriting Agreement dated [●], 2018 between our Company, the Selling shareholders and Underwriters.
6. Syndicate Agreement dated [●], 2018 between our Company, the Selling Shareholder, Book Running Lead Manager and Syndicate Members.
7. Tripartite agreement among the NSDL, our Company and Registrar to the Offer dated March 19, 2012.
8. Tripartite agreement among the CDSL, our Company and Registrar to the Offer dated May 28, 2018.

#### Material Documents

1. Certificate of Incorporation of our Company dated March 17, 1992, issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
2. Fresh certificate of incorporation consequent upon change of name from '*Heranba Industrial Chemicals Private Limited*' to '*Heranba Industrial Chemicals Limited*' dated July 26, 1996 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
3. Fresh certificate of incorporation consequent upon change of name from '*Heranba Industrial Chemicals Limited*' to '*Heranba Industries Limited*' dated July 26, 1996 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
4. Certified true copy of the Memorandum and Articles of Association of our Company, as amended.
5. Resolution passed at the meeting of the Board of Directors held July 31, 2018 authorizing the Offer.
6. Special resolution of the Shareholders passed at the Annual General Meeting dated August 31, 2018 authorizing the Offer.
7. Consent letter dated September 24, 2018 by Sadashiv K. Shetty; consent letter dated September 25, 2018 by Babu K. Shetty (Selling Shareholder) and consent letter dated September 25, 2018 by Vittala K. Bhandary (Selling Shareholder) authorising the Offer for Sale.

8. Statement of Tax Benefits dated September 24, 2018 issued by our Statutory Auditor, M/s. N. S. Shetty & Co., Chartered Accountants.
9. Report of our Statutory Auditor, M/s. N. S. Shetty & Co., Chartered Accountants on Restated IND AS Financial Statements and Restated IND GAAP Financial Statements dated August 25, 2018 and August 23, 2018 respectively, included in this Draft Red Herring Prospectus.
10. Copies of annual reports of our Company for Fiscal 2014, 2015, 2016, 2017 and 2018.
11. Copy of Certificate from the Statutory Auditor, M/s. N. S. Shetty & Co., Chartered Accountants dated August 24, 2018, regarding the source and deployment of funds as on August 24, 2018.
12. Copy of the agreement dated June 18, 2018 for the appointment of Mr. Sadashiv K. Shetty as the Chairman & Managing Director.
13. Copy of the agreement dated June 18, 2018 for the appointment of Mr. Raghuram K. Shetty as the Wholetime Director.
14. Consents of Selling Shareholder, Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Statutory Auditor, Independent Peer Reviewed Auditor, Legal Advisor to the Offer, Banker to our Company, the Book Running Lead Manager, Registrar to the Offer, Underwriters, Bankers to the Offer, Lender to our Company, to act in their respective capacities.
15. Consent of the Statutory Auditor, M/s. N. S. Shetty & Co., Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the report of the Statutory Auditor on the Restated Financial Statements, and the statement of tax benefits included in this Draft Red Herring Prospectus.
16. Due Diligence Certificate dated September 28, 2018 from the Book Running Lead Manager to SEBI.
17. Copy of in-principle approval from BSE Limited *vide* letter dated [●], 2018 and National Stock Exchange of India Limited *vide* letter dated [●], 2018 to use their name in offer document for listing of Equity Shares.
18. Final observation letter dated [●], 2018 from SEBI.

Any of the contracts or documents mentioned in the Draft Red Herring 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 Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957, 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 Red Herring Prospectus are true and correct.

**SIGNED BY DIRECTORS OF OUR COMPANY**

<b>Name and designation</b>	<b>Signature</b>
<b>Sadashiv K. Shetty</b> <i>Chairman and Managing Director</i>	Sd/-
<b>Raghuram K. Shetty</b> <i>Whole-time Director</i>	Sd/-
<b>Sujata S. Shetty</b> <i>Executive Director</i>	Sd/-
<b>Vanita R. Shetty</b> <i>Executive Director</i>	Sd/-
<b>Kaushik Hasmukh Gandhi</b> <i>Independent Director</i>	Sd/-
<b>Mulky Vishwanath Shetty</b> <i>Independent Director</i>	Sd/-
<b>Anil Kumar M. Marlecha</b> <i>Independent Director</i>	Sd/-
<b>Vanmali Ganesh Narayan</b> <i>Independent Director</i>	Sd/-

**Signed by the – Chief Financial Officer**

Sd/-  
**Maheshwar Vasant Godbole**  
*Chief Financial Officer*

Place: Mumbai

Date: September 28, 2018



### **DECLARATION BY SELLING SHAREHOLDER**

I, Sadashiv K. Shetty, hereby certify and confirm that all statements and undertakings made or confirmed by me or about or in relation to me and the Equity Shares offered by me in the Offer for Sale in this Draft Red Herring Prospectus are true and correct.

**Signed by the – Selling Shareholder**

**Sd/-  
Sadashiv K. Shetty**

Place: Mumbai

Date: September 28, 2018

**DECLARATION BY SELLING SHAREHOLDER**

I, Babu K. Shetty, hereby certify and confirm that all statements and undertakings made or confirmed by me or about or in relation to me and the Equity Shares offered by me in the Offer for Sale in this Draft Red Herring Prospectus are true and correct.

**Signed by the – Selling Shareholder**

**Sd/-  
Babu K. Shetty**

Place: Mumbai

Date: September 28, 2018

## **DECLARATION BY SELLING SHAREHOLDER**

I, Vittala K. Bhandary, hereby certify and confirm that all statements and undertakings made or confirmed by me or about or in relation to me and the Equity Shares offered by me in the Offer for Sale in this Draft Red Herring Prospectus are true and correct.

**Signed by the – Selling Shareholder**

**Sd/-  
Vittala K. Bhandary**

Place: Mumbai

Date: September 28, 2018