



## KHATOR TECHNICAL TEXTILES LIMITED

CIN: U17290RJ2013PLC041963

Our Company was incorporated as on Khator Technical Textiles Private Limited on April 1, 2013 in the State of Rajasthan. Subsequently, the name of our Company was changed to Khator Technical Textiles Limited pursuant to conversion into a Public Limited Company vide Certificate of Incorporation dated June 26, 2018 issued by the Registrar of Companies, Jaipur.

**Registered Office:** 244 2<sup>nd</sup> Floor, Ganpati Plaza, MI Road, Jaipur – 302 001

**Corporate Office:** 9/11, Assembly Lane, 38, Dadiseth Agiary Lane, Ground Floor, Kalbadevi Road, Mumbai-400 002

**Contact Person:** Ms. Bhawna Atolia, Company Secretary and Compliance Officer

**Tel. No.:** +91 22 22414870; **E-Mail ID:** compliancett@khator.com **Website:** www.khator.com/techtex/

**PROMOTERS: MR. AMIT KAILASH KHATOR AND MRS. JASODA KAILASH KHATOR**

THE ISSUE	
PUBLIC ISSUE OF 35,12,000 EQUITY SHARES OF FACE VALUE OF ₹10 EACH FULLY PAID UP OF “KTTL” OR “THE COMPANY” OR “THE ISSUER” FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (THE “ISSUE PRICE”) (INCLUDING SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING ₹[●] LAKHS (THE “ISSUE”) BY OUR COMPANY OF WHICH 1,77,600 EQUITY SHARES OF FACE VALUE OF ₹10 EACH FULLY PAID UP WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (“MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 33,34,400 EQUITY SHARES OF FACE VALUE OF ₹10 EACH FULLY PAID UP IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●]% AND [●]% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY	
THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH. THE ISSUE PRICE IS ₹[●]. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE.	
THIS ISSUE IS BEING IN TERMS OF CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, (AS AMENDED FROM TIME TO TIME) <i>For further details please refer to “Issue Information” beginning on page no 179 of this Draft Prospectus</i>	
RISK IN RELATION TO THE FIRST ISSUE	
This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10 and the Issue Price is [●] times of the face value. The Issue Price (as determined and justified by the Company and the Lead Manager as stated under chapter titled “Basis for Issue Price” beginning on page no 67 of this Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.	
GENERAL RISKS	
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled “Risk Factors” on page no 13 of this Draft Prospectus.	
COMPANY’S ABSOLUTE RESPONSIBILITY	
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Issue, which is material in the context of this Issue; that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.	
LISTING	
The Equity Shares offered through this Draft Prospectus are proposed to be listed on the SME Platform of National Stock Exchange of India Limited viz., “NSE EMERGE” In terms of the Chapter XB of the SEBI (ICDR) Regulation, 2009 as amended from the time to time Our Company has received an in-principle approval letter dated [●] from NSE for using its name in this Prospectus for listing of our Equity Shares on the NSE Emerge. For the purpose of this Issue, the Designated Stock Exchange will be NSE.	
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>Mark Corporate Advisors Private Limited</b> CIN: U67190MH2008PTC181996 404/1, The Summit Business Bay, Sant Janabai Road (Service Lane), Off W. E. Highway, Vile Parle (East), Mumbai-400 057. <b>Contact Person:</b> Mr. Manish Gaur <b>Tel. No.:</b> +91 22 2612 3207/08 <b>E-Mail ID:</b> smeipo@markcorporateadvisors.com <b>SEBI Regn No.:</b> INM000012128 <b>Investor Grievance Email:</b> investorgrievance@markcorporateadvisors.com</p>	 <p><b>Bigshare Service Private Limited</b> 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makhwana Road, Marol, Andheri (E), Mumbai – 400059. <b>Contact Person:</b> Mr. Ashok S Shetty <b>Tel No.:</b> +91 22 2847 0652/4043 0200 <b>E-Mail ID:</b> ipo@bigshareonline.com <b>SEBI Regn No.:</b> INR000001385</p>
ISSUE PROGRAMME	
Issue Opens On: [●]	Issue Closes on: [●]

## TABLE OF CONTENTS

<b>SECTION I-GENERAL INFORMATION.....</b>	<b>1</b>
DEFINITIONS AND ABBREVIATIONS.....	1
USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION .....	10
FORWARD LOOKING STATEMENTS .....	12
<b>SECTION II-RISK FACTORS .....</b>	<b>13</b>
<b>SECTION III-INTRODUCTION .....</b>	<b>34</b>
SUMMARY OF OUR INDUSTRY .....	34
SUMMARY OF OUR BUSINESS .....	36
SUMMARY OF OUR FINANCIAL STATEMENTS .....	38
THE ISSUE .....	41
GENERAL INFORMATION.....	42
CAPITAL STRUCTURE .....	48
<b>SECTION IV-PARTICULARS OF THE ISSUE .....</b>	<b>58</b>
OBJECTS OF THE ISSUE .....	58
BASIC TERMS OF THE ISSUE .....	66
BASIS FOR ISSUE PRICE.....	67
STATEMENT OF TAX BENEFITS.....	69
<b>SECTION V-ABOUT OUR COMPANY .....</b>	<b>72</b>
OUR INDUSTRY .....	72
OUR BUSINESS.....	81
KEY INDUSTRY REGULATIONS AND POLICIES .....	93
OUR HISTORY AND OTHER CORPORATE MATTERS .....	103
OUR MANAGEMENT .....	107
OUR PROMOTERS/PROMOTER GROUP.....	117
GROUP ENTITIES .....	121
RELATED PARTY TRANSACTIONS.....	124
DIVIDEND POLICY .....	125
<b>SECTION VI-FINANCIAL INFORMATION .....</b>	<b>126</b>
FINANCIAL STATEMENTS.....	126
FINANCIAL INDEBTEDNESS .....	148
MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION .....	149
<b>SECTION VII-LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS.....</b>	<b>155</b>
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS .....	155
GOVERNMENT AND OTHER APPROVALS .....	160
OTHER REGULATORY AND STATUTORY DISCLOSURES .....	164
<b>SECTION VIII-ISSUE INFORMATION .....</b>	<b>179</b>
TERMS OF THE ISSUE .....	179
ISSUE STRUCTURE .....	185
ISSUE PROCEDURE .....	187
RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES .....	230
<b>SECTION IX-MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION .....</b>	<b>231</b>
<b>SECTION X-OTHER INFORMATION .....</b>	<b>254</b>
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION.....	254
<b>DECLARATION .....</b>	<b>255</b>

## SECTION 1-GENERAL INFORMATION

### DEFINITIONS AND ABBREVIATIONS

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

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI (ICDR) Regulations, the Companies Act 1956/2013, the SCRA, the Depositories Act and the rules and regulations made thereunder.

#### **General Terms:**

Term(s)	Description
‘Our Company’ or ‘The Company’ or ‘The Issuer’	Khator Technical Textile Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 244 2 <sup>nd</sup> Floor, Ganpati Plaza, MI Road, Jaipur – 302 001
‘we’, ‘us’ or ‘our’	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries

#### **Company related Terms:**

Term(s)	Description
Articles/Articles of Association/AOA	Unless the context otherwise requires, refers to the Articles of Association of our Company, as amended from time to time.
Auditor/Statutory Auditor/ Statutory and Peer Review Auditor/ Peer Review Auditor	The auditor of the Company being M/s. S. R. Goyal & Co., Chartered Accountants, having Office at “SRG House” Plot No. 2, M.I. Road, Opp. Ganpati Plaza, Jaipur – 302 001
Bankers to Our Company	Central Bank of India, Churchgate Branch, Mumbai
Bhawana Khator	Mrs. Bhawana, Whole Time Director of our Company
Board/Board of Directors/Our Board	The Board of Directors of our Company, as duly constituted from time to time, or committee(s) thereof
Corporate Office	9/11, Assembly Lane, 38, Dadiseth Agiary Lane, Ground Floor, Kalbadevi Road, Mumbai - 400 002
Director(s)	The Director(s) on the Board of Our Company as appointed from time to time, unless otherwise specified
Equity Shares	Equity Shares of our Company of face value of ₹10 each
Equity Shareholders	The holders of Equity Shares of our Company
Group Companies/Entities	Such companies/entities as covered under the applicable accounting standards and such other companies as considered material by the Board.  For details, please refer “ <i>Group Entities</i> ” on page no 117 of this Draft Prospectus
Key Managerial Personnel/ KMP	Key Managerial Personnel of our Company in terms of the SEBI (ICDR) Regulations, 2009 and Companies Act, 2013.  For details, please refer “ <i>Our Management</i> ” on page no 107 of this Draft Prospectus
Khator Technical Textiles Limited/ KHATOR TECHNICAL/ K TTL/ the	Khator Technical Textiles Limited, a Public Limited Company incorporated under the provisions of the Companies Act, 1956

Term(s)	Description
Company/our Company/ we/ us/ our and the Issuer Company	
Memorandum/Memorandum of Association/MOA	The Memorandum of Association of our Company, as amended from time to time
Non-Resident	A person resident outside India, as defined under FEMA Regulations
Non-Resident Indian/NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended
Promoters/Our Promoters	Promoters of Our Company namely, Mr. Amit Kailash Khator and Mrs. Jasoda Kailash Khator  For details, please refer “ <i>Our Promoters and Promoter Group</i> ” on page no 117 of this Draft Prospectus
Promoter Group	Persons and entities constituting the Promoter Group of our Company in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations, 2009.  For details, please refer “ <i>Our Promoters and Promoter Group</i> ” on page no 117 of this Draft Prospectus
Registered Office	244 2 <sup>nd</sup> Floor, Ganpati Plaza, MI Road, Jaipur – 302 001
RoC/ ROC	Registrar of Companies, Jaipur

#### **Issue related Terms:**

Term(s)	Description
Allocation/Allocation of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Fresh Issue of Equity Shares to the successful Applicants
Allotment/Allot/Allotted	Issue an allotment of Equity Shares of our Company pursuant to Fresh Issue of the Equity Shares to the successful Applicants
Allottee(s)	Successful Applicants to whom Equity Shares of our Company shall have been allotted
Applicant	Any prospective investor who makes an application for Equity Shares of our Company in terms of this Draft Prospectus
Application Amount	The amount at which the Applicant makes an application for Equity Shares of our Company in terms of this Draft Prospectus
Application Form	The Form in terms of which the prospective investors shall apply for our Equity Shares in the Issue
Application Supported by Blocked Amount/ASBA	The application (whether physical or electronic) by an Applicant to make an Application authorizing the relevant SCSB to block the Application Amount in the relevant ASBA Account Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all potential investors shall participate in the Issue only through ASBA process providing details about the bank account which will be blocked by the SCSBs
ASBA Account	Account maintained with an SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the appropriate Application Amount in relation to an Application by an Applicant
ASBA Application Location(s)/Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs viz, Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad, Rajkot, Bangalore, Hyderabad, Pune, Baroda and Surat
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Investor/ASBA Applicant	Any prospective investor(s)/applicant(s) in this Issue who apply(ies) through the ASBA process in terms of this Draft Prospectus
Banker(s) to the Issue/Escrow Collection	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case, being

Term(s)	Description
Bank	[●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to the successful Applicants under the Issue and which is described under chapter titled “Issue Procedure” beginning on page no 187 of this Draft Prospectus
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder pursuant to submission of the Application Form, or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI Regulations
Bid Amount	Highest value of optional Bids indicated in the Application Form and payable by the Bidder upon submission of the Bid
Bid Lot	[●] Equity Shares
Broker Centre’s	Broker Centre’s notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker.  The details of such Broker Centre’s, along with the name and contact details of the Registered Brokers, are available on the website of the Stock Exchange
Broker to the Issue	All recognized members of the stock exchange would be eligible to act as the Broker to the Issue
CAN/Allotment advice	The note or advice or intimation of Allotment, sent to each successful Applicant who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Client ID	Client identification number of the Applicant’s beneficiary account
Collecting Depository Participant/ 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
Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate applications under this Issue by the ASBA Applicants with the Lead Manager, Registrar to the Issue 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
Demographic Details	The demographic details of the Applicants such as their address, PAN, occupation and bank account details
Depository	A Depository registered with SEBI under SEBI (Depositories and Participant) Regulations, 1996
Depository Participant/DP	A Depository Participant as defined under the Depositories Act.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange i.e. <a href="http://www.nseindia.com">www.nseindia.com</a>
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms from the ASBA Applicants and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> , or at such other website as may be prescribed by SEBI from time to time
Designated Date	The date on which funds are transferred from the amount blocked by the SCSBs is transferred from the ASBA Account to the Public Issue Account, as appropriate, after the Issue is closed, following which the Equity Shares shall be allotted/transfer to the successful Applicants
Designated Intermediaries/Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a syndicate member(or sub-syndicate member), a Registered Broker, Designated CDP Locations for CDP, a registrar to an issue and Share Transfer Agent (RTA) (whose names is mentioned on website of the Stock Exchange as eligible for this activity)
Designated Market Maker/Market Maker	In our case, [●] having its Registered office at [●] and Corporate office at [●]

Term(s)	Description
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange, i.e. [●]
Designated Stock Exchange	NSE Emerge Platform of National Stock Exchange of India Limited
Draft Prospectus	The Draft Prospectus dated September 3, 2018 issued in accordance with Section 26 of the Companies Act, 2013 and filed with the NSE under SEBI (ICDR) Regulations, 2009
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom this Draft Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Eligible QFIs	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened dematerialized accounts with SEBI registered qualified depository participants as QFIs and are deemed as FPIs under the SEBI (Foreign Portfolio Investors) Regulations, 2014
Public Issue Account(s)	Account(s) opened with the Public Issue Bank/Banker for the Issue
Public Issue Account/ Agreement	Agreement entered into by our Company, the Registrar to the Issue, the Lead Manager, and the Public Issue Bank to the Issue for collection of the Application Amounts
First/Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form
General Information Document/GID	The General Information Document for investing in public issues prepared and issued in accordance with the circulars (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by the SEBI and included in “Issue Procedure” on page 208 of this Draft Prospectus
Issue/Issue Size/ Initial Public Issue/ Initial Public Offer/Initial Public Offering/Initial Public Offering/ IPO	Public Issue of 35,12,000 Equity Shares of face value of ₹10 each fully paid of Khator Technical Textile Limited for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating ₹[●] Lakhs.
Memorandum of Understanding/MoU	The MoU dated September 1, 2018 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Opening Date	The date on which Issue opens for subscription
Issue Closing Date	The date on which Issue closes for subscription
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both the days during which prospective Investors may submit their application
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being [●] per Equity Share of face value of ₹10 each fully paid up
Issue Proceeds	Proceeds from the fresh Issue that will be available to our Company, being ₹[●] Lakhs
Listing Agreement	The Equity Listing Agreement to be signed between our Company and NSE Emerge
Lead Manager	Manager to the Issue, in this case being Mark Corporate Advisors Private Limited, a SEBI Registered Merchant Banker
Market Making Agreement	Market Making Agreement dated [●] between Our Company, LM and Market Maker
Market Maker	Market Maker appointed by our Company, in this case being [●] who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time



Term(s)	Description
Market Maker Reservation Portion	The Reserved Portion of 1,77,600 Equity Shares of face value of ₹10 each fully paid for cash at a price of ₹[●] per Equity Share aggregating ₹[●] Lakhs for the Market Maker in this Issue
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Net Issue	The Issue excluding the Market Maker Reservation Portion of 35,12,000 Equity Shares of face value of ₹10 each fully paid for cash at a price of ₹[●] Equity Share aggregating ₹[●] Lakhs by our Company
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by the Company. For further information about use of the Issue Proceeds and the Issue expenses, please refer to the chapter titled “Objects of the Issue” beginning on page no 58 of this Draft Prospectus
Non-Institutional Investors	All Applicants that are not Qualified Institutional Buyers or Retail Individual Investors and who have Applied for Equity Shares for an amount more than ₹2,00,000
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 as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue
Payment through electronic transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Prospectus	The Prospectus to be filed with RoC containing, inter-alia, the issue opening and closing dates and other information
Public Issue Account	Account opened with the Banker to the Issue/Public Issue Bank i.e. IDFC Bank Limited by our Company to receive monies from SCSBs from the bank accounts of the ASBA Applicants on the Designated Date
Qualified Institutional Buyers or QIBs	QIBs, as defined under the SEBI ICDR Regulations, including 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, 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, NIF, 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
Refund Account (s)	Account(s) to which monies to be refunded to the Applicants shall be transferred from the Public Issue Account in case listing of the Equity Shares does not occur
Registered Brokers	Stock Brokers registered with the Stock Exchanges having nationwide terminals
Registrar/Registrar to the Issue	Bigshare Services Private Limited having registered office at 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makhwana Road, Marol, Andheri (E), Mumbai-400 059
Retail Individual Investor	Individual Applicants, or minors applying through their natural guardians, including HUFs (applying through their Karta) and ASBA Applicants, who apply for an amount less than or equal to ₹2,00,000
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares in any of

Term(s)	Description
	their Application Forms or any previous Revision Form(s)
Self-Certified Syndicate Banker/ SCSB	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which offer the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
SME Platform of NSE/NSE EMERGE	The SME Platform of NSE for listing of equity shares offered under Chapter XB of the SEBI (ICDR) Regulations.
Underwriters	Mark Corporate Advisors Private Limited
Underwriting Agreement	The agreement dated [●] entered into between the Underwriters and our Company
Working Day	Any day, other than 2nd and 4th Saturday of the month, Sundays or public holidays, on which commercial banks in India are open for business, provided however, with reference to announcement of Price Band and Issue Period shall mean all days, excluding Saturday, Sundays and public holidays on which commercial banks in Mumbai are open for business and the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

#### **Technical and Industry Related Terms:**

Term(s)	Description
ATUFS	Amended Technological Up Gradation Fund Scheme
CoE	Centers of Excellence
EPCG	Export Promotion of Capital Goods
EPCG	Export Promotion Capital Goods Scheme
ETP	Effluent Treatment Plant
FPS	Focus Product Scheme
ISDS	Integrated Skill Development Scheme
Kg/Ha	Kilograms Per Hectare
MMF	Manmade fibres
MMFY	Man Made filament yarns
SITP	Scheme for Integrated Textile Park
Sq. Mtrs.	Square Meters
TMTT	Technology Mission On Technical Textiles
TUFS	Technology Upgradation Fund Scheme

#### **Conventional and General Terms or Abbreviations:**

Term(s)	Description
A/c	Account
Act	The Companies Act, 2013
AGM	Annual General Meeting
Articles	Articles of Association of the Company framed in pursuance of this Act
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
ASBA	Applications Supported by Blocked Amount
BIFR	Board for Industrial and Financial Reconstruction
CAGR	Compounded Annual Growth Rate
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CESTAT	Customs, Excise and Service Tax Appellate Tribunal



Term(s)	Description
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
Companies Act	Companies Act, 2013
CSO	Central Statistical Organization
Depositories	NSDL and CDSL, Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
DIN	Director Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identity
DB	Designated Branch
EBIDTA	Earnings before Interest, Depreciation, Tax, Amortization and extraordinary items
ECS	Electronic Clearing Services
EGM	Extraordinary General Meeting
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
EPS	Earnings per Share
FDI	Foreign Direct Investment
FCNR Account	Foreign Currency Non-Resident Account
FEMA	Foreign Exchange Management Act, as amended from time to time and the regulations framed there under
FEMA Regulations	FEMA (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000 and amendments thereto.
FII(s)	Foreign Institutional Investors
FIIs	Financial Institutions
FV	Face Value
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GOI	Government of India.
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICDR Regulations/ SEBI Regulations/ SEBI (ICDR)Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IFRS	International financial reporting standards
Ind AS	Indian Accounting Standards
IPC	Indian Penal Code
IPO	Initial Public Offering
IPR	Intellectual Property Right
IT	Information Technology
IT Act	The Income-tax Act, 1961 as amended from time to time except as stated otherwise
IT Rules	The Income-tax Rules, 1962, as amended from time to time
INR	Indian National Rupee
JV	Joint venture
KMP	The officers declared as a Key Managerial/Management Personnel and as mentioned in the chapter titled "Our Management" beginning on page 108 of this

Term(s)	Description
	Draft Prospectus
Ltd.	Limited
MBA	Master in Business Administration
M.Com	Master Degree in Commerce
MD	Managing Director
MoU	Memorandum of Understanding
MNC	Multinational Corporation
N/A or NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate of the paid-up share capital, share 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 the debit balance of the profit and loss account
NOC	No Objection Certificate
NPV	Net Present Value
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	per annum
PAN	Permanent Account Number
PAT	Profit After Tax
Pvt.	Private
PBT	Profit Before Tax
P/E Ratio	Price Earnings Ratio
POA	Power of Attorney
PIO	Persons of Indian Origin
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
Ron	Return on Net Worth.
Rs./INR/	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self-Certified Syndicate Bank
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Depository Regulations	Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
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

Term(s)	Description
SEBI Takeover Regulations/Takeover Regulations/Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
Sec	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
SSI Undertaking	Small Scale Industrial Undertaking
Stock Exchange(s)	NSE SME
Sq.	Square
Sq. Mtr.	Square Meter
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
TNW	Total Net Worth
u/s	Under Section
UIN	Unique Identification Number
US/ U.S. / USA	United States of America
USD or US\$	United States Dollar
U.S. GAAP	Generally accepted accounting principles in the United States of America
UOI	Union of India
Venture Capital Fund(s)/VCF(s)	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time
WDV	Written Down Value
w.e.f.	With effect from
YoY	Year over Year

Notwithstanding the foregoing:

- 1) In 'Main Provisions of the Articles of Association' beginning on page no 231 of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section.
- 2) In 'Summary of Our Business' and 'Our Business' on page no's 36 and 81 respectively, of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section.
- 3) In 'Risk Factors' on page no 13 of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section.
- 4) In 'Statement of Possible Special Tax Benefits' on page no 69 of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section.
- 5) In 'Management's Discussion and Analysis of Financial Conditions and Results of Operations' on page no 149 of this Draft Prospectus, defined terms shall have the meaning given to such terms in that section.

## USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

In this Draft Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Khator Technical Textiles Limited” and “KTTL”, unless the context otherwise indicates or implies, refers to Khator Technical Textiles Limited.

### *Financial Data*

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our restated financial statements for the financial years ended March 31 2014, 2015, 2016, 2017 and 2018 prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI (ICDR) Regulations and the Indian GAAP which are included in this Draft Prospectus, and set out in ‘*Financial Statements*’ on page no. 126 of this Draft Prospectus.

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

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

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

### *Currency and units of Presentation*

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

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

### *Industry and Market Data*

Unless stated otherwise, industry and market data used throughout this Draft Prospectus has been obtained or derived from internal Company reports and industry and government publications, publicly available information and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their

reliability cannot be assured. Although, our Company believes that industry data used in this Draft Prospectus is reliable, it has not been independently verified.

Further, the extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of, the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD LOOKING STATEMENTS

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

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

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

For a further discussion of factors that could cause our current plans and expectations and actual results to differ, please refer ‘**Risk Factors**’, ‘**Our Business**’ and ‘**Management’s Discussion and Analysis of Financial Condition and Results of Operations**’ on page no’s 13, 81 and 149 respectively of this Draft Prospectus.

Forward looking statements reflects views as of the date of this Draft Prospectus and not a guarantee of future performance. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company/our Directors nor the Lead Managers, nor any of its affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Managers will ensure that investors in India are informed of material developments until such time as the listing and trading permission is granted by the Stock Exchange.



## SECTION II-RISK FACTORS

For information on the changes of the objects clause of the Memorandum of Association of our Company, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 103 of this Draft Prospectus.

### RISK FACTORS

*An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this Draft Prospectus, including the risks described below, before making an investment in the Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which our Company operates and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in this Draft Prospectus, could have a material adverse effect on our Company's business and could cause the trading price of the Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in this Draft Prospectus are not exhaustive. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our Company's business, financial condition and results of operations, or which our Company currently deems immaterial, may arise or become material in the future. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with the sections entitled "The Company's Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations on page nos. 81 and 149 of this Draft Prospectus respectively as well as other financial and statistical information contained in this Draft Prospectus. Unless otherwise stated in the relevant risk factors set forth below, our Company is not in a position to specify or quantify the financial or other risks mentioned herein.*

*Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Equity Shares unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. Before making an investment decision, investors must rely on their own examination of the Issue and our Company. You should not invest in this Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

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

*Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial information of our Company prepared in accordance with the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto. In this Draft Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off.*

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

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

### INTERNAL RISK FACTORS

- 1. Our Company proposes to set up a new facility in Silvassa to expand its operation and this would be substantially funded by the proceeds of the Issue and balance from banks and financial institutions. Any**

**shortfall or delays in funding or implementing the said project would adversely impact the Company's operations and proposed expansion plans.**

Our Company intends to utilize substantial portion of the funds raised from the Issue in setting up an additional facility in Silvassa so as to effectively expand the Company's operations and scope of business. The balance amount for the project would be obtained through loans from banks and financial institutions. As on date, Central Bank of India has provided an in-principle approval for extending a term loan of upto Rs. 5 crores for the project. We cannot assure you that our Company will be able to fulfill the conditions set out by Central Bank of India, and in such case we cannot assure you that we will be able to raise alternate financing on acceptable terms in a timely manner. Delays in obtaining financing on acceptable terms 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.

Our funding requirements and the deployment of the proceeds of the Issue for the new project are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. Our estimates for the project may exceed the value that would have been determined by third party appraisals and may require us to reschedule our project expenditure which may have a bearing on our expected revenues and earnings.

Our Company proposes to set up additional manufacturing facility and to acquire machinery for upgradation of existing manufacturing facility aggregating Rs. 2027.14 for our proposed project which is approximately [●]% of the proceeds of the Issue. Our Company has not yet placed orders for the plant and machinery and not yet purchased any land required for the project, and is subject to risks on account of inflation in the price. Our Company has received quotations for these machineries, and negotiations with the vendors have commenced. The details of quotations received appear in the Section titled '*Objects of the Issue*' at page 58 of this Draft Prospectus. Since the funding for the plant and machinery is substantially from the proceeds of the Issue, any delay in access to proceeds of the Issue would eventually delay the process of placing the orders. The purchase of plant and machinery would require our Company to consider factors including but not limited to pricing, delivery schedule and after-sales maintenance. There may also be a possibility of delay at the suppliers' end in providing timely delivery of these machineries, which in turn may delay the implementation of our project.

As our Company intends to import such plant and machineries, the cost of these plant and machinery are denominated in foreign currency, and any adverse fluctuations in the exchange rate of foreign currency for Indian Rupee could adversely affect our financial condition and operations. Our Company has not hedged our risks against foreign exchange fluctuations in this regard.

Our Company would need to obtain approvals and licenses such as license under Factories Act, 1948, consents from relevant pollution control authorities, electricity/power supply sanctions for the additional facility in Silvassa in relation to expansion of the Company's operations and scope of business. We cannot assure you that the approvals, licenses, registrations, sanctions and permits required for the additional facility in Silvassa becoming operative would be granted or the same would be subject to conditions all of which could be satisfied by our Company. Non-receipt or delays in receipt of any of the approvals, licenses, registrations, sanctions and permits would delay the implementation of the project and may affect our business and results of operations.

**2. Our Company is involved in certain legal proceedings and potential litigations. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.**

Our Company has filed proceedings against a UAE based company by the name of M/s. Al Maeeni Chemical Trading Est for non-payment of certain consignments received by them from the Company. Initially proceedings were filed against Mr. Hesham Tawfiq Alkhtateb, director of the said company and he was arrested in relation to the said proceedings. To ensure quick redressal of the matter, the Company thereafter filed proceedings against M/s. Al Maeeni Chemical Trading Est as well. Certain part payment has been received and now the outstanding claim stands at USD 81,104.20 i.e Dh 297,895 equivalent to Rs. 55.96 Lakhs. The claim amount is also subject

to 12% Interest from the date of payment until full payment. The proceedings stand pending on account of the pending claim amount; however, Mr. Hesham Tawfiq Alkhtateb has been released from jail.

For further details, see “Outstanding Litigation and Material Developments” at page 155 of this Draft Prospectus.

Decisions in the aforesaid proceedings adverse to our interests may have a material effect on our business, future financial performance and results of operations. Ongoing proceedings may divert the attention of our management and Promoter and waste our corporate resources and we may incur significant expenses in such proceedings. If the courts or tribunals rule against our Company we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities, and also impact the trading price of our Equity Shares.

**3. A significant portion of our revenues are dependent on our exports to our international customers. Any failure to fulfill the requirements of our international customers may affect our revenues, result of operations and cash flows.**

For the financial year 2017-18, export of products to our overseas customers accounted for approximately 62% of our total turnover. Our Company is engaged in the manufacturing of geo textile products and more than 50% of the sales comprise of export sales. As major of the sales realization of the Company is in foreign currency this exposes us to the risk of fluctuation in the exchange rate. Further the payment of the Company also depends upon the economic and political situations of the customer country. The tax rates, duties on exports and imports also effects the sales of the Company.

As a result, our operations are impacted by various risks inherent in international sales, including:

- Currency exchange rate fluctuations;
- Regional economic or political uncertainty;
- Currency exchange controls;
- Differing accounting standards and interpretations;
- Differing domestic and foreign customs, tariffs and taxes;
- Current and changing regulatory environments;
- Coordinating and interacting with local representatives and counterparties to fully understand local business and regulatory requirements; and
- Availability and terms of financing.

The ability of our Company to maintain export sales would depend on India’s continued trade relations with the countries to whom we export our products. Any embargo on the export of products from India by such countries would adversely affect our business.

To the extent that we are unable to effectively manage our export operations and risks such as the above, we may be unable to grow or maintain our sales and profitability, or we may be subject to additional unanticipated costs or legal or regulatory action. As a consequence, our business, financial condition, results of operations and cash flows may be affected.

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

We operate manufacturing facilities in Silvassa, Dadra and Nagar Haveli and our manufacturing facility is subject to operating risks, such as unavailability of machinery, break-down, obsolescence or failure of machinery, disruption in power supply or processes, performance below expected levels of efficiency, labour disputes, natural disasters, industrial accidents and statutory and regulatory restrictions. In the event of a breakdown or failure of such machinery, replacement parts may not be available and such machinery may have to be sent for repairs or servicing elsewhere. This may lead to delay and disruption in our production

process that could have an adverse impact on our sales, results of operations, business growth and prospects. Notably, in the past the Company has not faced such operational breakdowns.

In addition, our customers in India and outside India rely significantly on the timely delivery of our products and our ability to provide an uninterrupted supply of our products is critical to our business. Any disruption of operations of our manufacturing facility could result in delayed delivery of our products or defects in the products delivered to our customers, which in turn may lead to disputes and legal proceedings with them on account of any losses suffered by them or any interruption of their business operations due to such delay or defect. Our business and financial results may be adversely affected by any disruption of operations of our manufacturing facility, on account of factors including any or all of the factors mentioned above. Although Our Company is attempting to limit its liability for all the damages, including consequential damages, while providing products, our Company cannot be assured that the limitations on liability it provides for, will be enforceable in all cases.

**5. We are not registered owners of the term ‘Khator’ and this may lead to the dilution of our goodwill.**

We have not obtained trademark registrations of our brand ‘Khator’ and hence we do not enjoy the statutory protection accorded to a registered trademark. Though, we have made application for the same under Class 19, Class 24 and Class 25 with application no. 3899084, there can be no assurance that our application will succeed. Grounds for refusal of registration may include the validity or scope of the application. If we are unable to obtain a registration, we may still continue to use the name ‘Khator’. The term ‘Khator’ was earlier registered in Class 24 which deals with textiles in the name of Arvind Kumar Satyanarayan Khator who is a relative of our Promoters. The registration expired in 1990 and we understand that no renewal was made for the same. In case we fail to obtain registration of the term ‘Khator’, we may also need to change the trade name for our products which may impact our reputation and the good will built by the Company in the geo textile sector and could require us to incur additional costs.

**6. We are yet to receive certain regulatory approvals in respect of our operations. Failure to obtain or maintain licenses, registrations, permits and approvals may affect our business and results of operations.**

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals and permits at state and central government levels for doing our business. The approvals, licenses, registrations and permits obtained by us may contain conditions, some of which could be onerous. Additionally, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or need to update pursuant to conversion of company from private to public company.

Our Company has converted from a private limited company to a public limited company vide fresh Certificate of Incorporation dated 26<sup>th</sup> June, 2018. We are in the process of making necessary intimations to statutory and regulatory authorities seeking change of name in the approvals and licenses obtained.

Furthermore, we cannot assure you that the approvals, licenses, registrations and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may affect our business and results of operations.

These laws and regulations governing us are increasingly becoming stringent and may in the future create substantial compliance or liabilities and costs. While we endeavour to comply with applicable regulatory requirements, it is possible that such compliance measures may restrict our business and operations, result in increased cost and onerous compliance measures, and an inability to comply with such regulatory requirements may attract penalty.

For further details, please refer chapters titled “Key Industry Regulations and Policies” and “Government and Other Statutory Approvals” on page nos. 93 and 160 respectively of this Draft Prospectus.

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

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy involves focusing on optimal utilization of resources and to develop relationships with customer and suppliers. For further details, see the section titled “Our Business” on page 81 of this Draft Prospectus. Our success in implementing our growth strategies may be affected by:

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

Our Company if is not able to execute our strategy on time and within our estimated budget, or that our expansion and development plans fail to generate the required results, it may adversely impact our profitability. Any of these factors could impact our results of operations. However, our Company and the management team in the past have been able to meet strategy timelines within the specified budget and successfully implement expansion and development plans of our Company to date Further, we expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls, none of which can be assured.

Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long term business outlook. However, as in the past, the management of our Company shall take appropriate steps to mitigate such disruptions, if any, and preserve our Company’s value and long term expansion goals. Further, we operate in a highly dynamic industry, and on account of changes in market conditions, industry dynamics, technological improvements and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands. Our inability to implement our business strategies and sustain our growth may impair our financial growth and thus result in an adverse impact on our Company’s share price.

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

Our facility has significant electricity requirements and any interruption in power supply may disrupt our operations. Our business and financial results may be affected by any disruption of operations. We depend on third parties for all of our power requirements. Our Company has not to date faced any interruptions in power supply.

Since we have significant power consumption, any unexpected or significant increase in its tariff can increase the operating cost of the facility and production cost which we may not be able to pass on to our customers. There are limited number of electricity providers in area from where we operate due to which in case of a price hike we may not be able to find a cost-effective substitute, which may negatively affect our business, financial condition and results of operations.

**9. We have had certain inaccuracy in relation to regulatory filings and statutory compliances.**

Our Company is required to make filings and statutory compliances under applicable law. In the past there have been some instances of incorrect filings or delays in filings of statutory forms with the Registrar of Companies. In certain cases our Company has made delayed filings with payment of requisite penalties.

The Company has allotted shares to non-resident Indian and has made filings in Form FC-GPR however these filing was not been made within the time prescribed under applicable law. Further, our Company has



not filed the annual FLA Return in relation to monies received from non-resident Indian.

Although no show cause notice have been issued against our Company till date in respect of above, in the event of any cognizance being taken by the concerned authorities, actions may be taken against our Company and/or Directors, or penalties may be levied or proceedings initiated in this behalf. This would impact the financials of the Company as well as cause the management to spend significant time in defending the Company's position in these matters with regulatory authorities.

Our Company has not obtained registration under the Employees' State Insurance Act, 1948, ("ESI Act") in relation to the employees working at the facility at Silvassa. As per a circular dated 12 December, 2017 issued by Employees' State Insurance Corporation, Headquarters Office, the ESI Act is applicable in the union territory of Dadra & Nagar Haveli. However, circular dated 15<sup>th</sup> January, 2018 issued by Employees' State Insurance Corporation, Headquarters Office states that though ESI Act is applicable to Dadra & Nagar Haveli, the implementation of the same is pending tie ups for medical arrangements. Failure to register under the ESI Act could render the Company liable to penalties and actions under the ESI Act.

**10. Our business depends on the effective performance of automated systems within the facility at Silvassa and any disruption in the same may have an impact on our business operations and profitability.**

The machinery at the facility at Silvassa runs with an inbuilt software which supports the automated system, and is integral to our manufacturing processes and our operations. These systems may not always operate without disruption and may encounter abnormality or become obsolete, which may affect our business operations. However, to date the systems have not encountered any disruption or abnormality.

In case of transition to new automated systems or its related software, our Company can provide no assurance that it will be successful in installing, running and migrating to such new system. Even if we are successful in this regard, significant capital expenditures may be required, and we may not be able to benefit from the migration immediately. All of these may have a material impact on our operations and profitability. However, our existing manufacturing unit has machineries with latest technology and we strive to keep our technology, equipments and machinery in line with the latest technological standards. Also, our Company cannot guarantee that the level of security it presently maintains is adequate or that its systems can withstand intrusions from or prevent improper usage by third parties. Our Company's failure to continue its operations without disruption due to any of these reasons may affect our Company's results of operations.

**11. We have not entered into any long-term agreements with our suppliers for procuring our textile products and accordingly may face disruptions in supply from our current suppliers.**

We are in the business of manufacturing of geo textile products. We procure raw material from traders, dealers and / or manufacturers. Since, these orders are given according to specific requirements, no specific agreement / MoU have been entered into between our Company and our suppliers and we typically transact on an invoice basis for each order. These suppliers provide us the raw material based on trust, service and the ready finance provided by us. In the absence of written agreements, our suppliers can withdraw the orders from us at any time which may leads to significant disruption in the supply of these traded goods from current sources, or, in the event of a disruption, that we would be able to locate alternative suppliers of the raw material and traded goods of comparable quality on terms acceptable to us, or at all. Identifying a suitable supplier involves a process that requires us to become satisfied with their quality control, consistency, responsiveness and service, financial stability and other ethical practices. If we are unable to maintain our relationship with our current suppliers it may prove difficult to obtain the same from other available suppliers. Notably, our Company enjoys a long standing relationship with most of its suppliers and there has been no withdrawal of orders or other disruptions in the Company's business on account of the same.

Any delay, interruption or increased cost in the supply of our products arising from a lack of long-term contracts could have an effect on our ability to meet customer demand for our products and result in lower revenue from operations both in the short and long term.



**12. We depend on third parties for a major portion of our transportation needs. Any disruptions may affect our operations, business and financial condition.**

We rely on third party transportation and other logistic facilities at every stage of our business activity including for procurement of raw material from our suppliers and for transportation of our finish products to our customers. For this purpose, we hire services of transportation companies. However, we have not entered into any definitive agreements with any transport service providers and engage them on a need basis. Additionally, availability of transport solutions in the market we operate in is typically fragmented. We rarely enter into written documentation in relation to the transportation services we hire which poses various additional risks. Further, the cost of our goods carried by such third party transporters is typically much higher than the consideration that would have been paid for in house transportation network, due to which it may be difficult for us to recover compensation for damaged, delayed or lost goods.

Our operations and profitability are dependent upon the availability of transportation and other logistic facilities in a time and cost effective manner. Accordingly, our business is vulnerable to increased transportation costs including as a result of increase in fuel costs, transportation strikes, delays, damage or losses of goods in transit and disruption of transportation services because of weather related problems, strikes, lock-outs, accidents, inadequacies in road infrastructure or other events.

Although we have not experienced any disruptions in the past, any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or non-supply or may require us to look for alternative sources which may be cost inefficient, thereby affecting our operations and profitability.

In addition, transportation costs in India have been steadily increasing over the past several years. While usually the end consumer bears the freight cost, we may not always be able to pass on these costs to our customers. Continuing increases in transportation costs or unavailability of transportation services for our products may have an adverse effect on our business, financial condition, results of operations and prospects. In addition, India's physical infrastructure is less developed than that of many developed nations, and problems with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity, including our supply of raw materials and the delivery of our products to customers by third-party transportation providers. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have a material adverse effect on our results of operations and financial condition.

**13. The loss, shutdown or slowdown of operations at our facility or the under-utilization of such facility may have a material effect on our results of operations and financial condition.**

Our business and results of operations are dependent on our ability to effectively plan our manufacturing processes and on our ability to optimally utilize our manufacturing capacities for the various products we manufacture. Any disruption to our manufacturing process or the operation of our production facilities may result from various factors beyond our control, including, among others, the following:

- Utility supply disturbances, particularly power supply;
- Forced close down or suspension of our manufacturing facility due to factors such as breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes such as strikes and work stoppages, natural disasters and industrial accidents;
- Severe weather condition; and
- Other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

Although our production facility has not experienced any material disruption in the past, there can be no assurance that there will not be any material disruption to our operations in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of these events, or to effectively respond to these

events if they occur, our business, results of operations and financial condition could be materially affected. Further, we depend upon our suppliers and vendors to provide the necessary equipment and services that we need for our continuing operations and maintenance of our facility, plant and machinery. We cannot assure you that we will be able to continue to obtain equipment on commercially acceptable terms, or at all, or that our suppliers and vendors will continue to enter into or honor the contracts for their services. Our inability to continue to be serviced by our suppliers and vendors in a timely manner, or at all, could affect our business and results of operations.

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

Other than the manufacturing facility in Silvassa, we do not own the premises from where we conduct our business activities. We have entered into a lease/license agreement for our office in Thane and registered office in Jaipur, which is renewable based on the terms of the agreement; however, we utilise the office of Khator Fibre & Fabrics Limited at Kalbadevi, Mumbai pursuant to a memorandum of understanding dated 1<sup>st</sup> April 2013, without payment of any consideration for the same. Periodic renewals of short-term leases/licenses may increase our costs, since they are subject to rent escalation. Further, if we are required to relocate the offices as a result of any termination of agreement/arrangement or non-renewal of our leases/licenses, we may incur additional cost as a result of such relocation.

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

We face foreign exchange rate risk to the extent that certain of our revenues are denominated in a currency other than the Indian Rupee. Due to our foreign currency exposures, exchange rate fluctuations between the Indian Rupee and foreign currencies, especially the U.S. dollar, can have a material impact on our results of operations, cash flows and financial condition. The exchange rate between the Indian Rupee and U.S. dollar has been volatile in recent periods and may continue to fluctuate in the future.

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

**16. We are dependent on our senior management and other key personnel, and the loss of, or our inability to attract or retain, such persons could affect our business, results of operations, financial condition and cash flows.**

Our performance depends largely on the efforts and abilities of our senior management and other key personnel, including our Promoters and Directors. We believe that the inputs and experience of our senior management, in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by our Company. Mr. Amit Kailash Khator currently serves as a Managing Director and his experience and vision has played a key role in obtaining our current market position. For details in relation to the experience of our key management personnel, see “Our Management” on page 107 of this Draft Prospectus. We cannot assure you that these individuals or any other member of our senior management team will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an effect on our business, results of operations, financial condition and cash flows.

**17. Our revenue may be significantly dependent upon the availability of our major raw material.**

Our core business is the manufacture of geo textiles, the production of the same are significantly dependent upon the availability of Polyester and Polypropylene. In case the availability or the cost of Polyester and Polypropylene is adversely affected or in case there are any upward movement of the price of Polyester and Polypropylene, our Company as a practice passes on the price increase impact to the customer, however there is no certainty that our Company would continue to be able to do the same. We are, to a major extent, dependent on external suppliers for our raw materials requirements and we do not have any long-term supply agreements or commitments in relation to the same or for any other raw materials used in our manufacturing process and typically transact on an invoice basis for each order. To date our Company has not faced any disruption in supply of raw materials, and alternative suppliers are available within Silvassa where the facility is situated. However, our Company cannot guarantee that there would be no disruption in supply of raw materials on account of situations beyond the control of our Company. In such case the production levels and delivery commitments to customers would be impacted.

**18. Bans or restrictions on our raw materials and products may impair our business and profitability.**

For manufacturing geo textile products we make use of Polypropylene which is a thermoplastic polymer. India as well as many other countries in the interests of environmental protection imposed restrictions and bans on plastic and plastic products. Due to this, our Company may need to find suitable alternatives for manufacturing other products. This may cause delays and increase in costs of production and also impact the range of geo textile products offered by our Company. In turn, this could impact our business operations and profitability.

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

Our Company has had business relationships with certain customers and has been supplying our products to such customers for a few years. However, we have not entered into any contracts with these customers and we cater to them on an order-by-order basis. As a result, our customers can terminate their relationships with us without any notice and, without consequence, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our products. Our Company's customers have no obligation to place order with us and may either cancel, reduce or delay orders. Notably, such events have not occurred in the past. Orders placed by our Company's customers are dependent on various factors such as the customer satisfaction with the product quality, fluctuation in demand for our Company's products and customer's inventory management.

**20. Inventories and trade receivables form a major part of our current assets and net worth. Cancellation of contracts by customers could have an adverse effect on our net sales and profitability.**

Our Company's business is working capital intensive and hence, inventories and trade receivables form a major part of our current assets and net worth. Our Company maintains inventory based on orders received from customers. In the event of cancellation of the order by a customer we may not be able to re-utilise the raw material processed and may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, all of which could have an adverse impact on our income and cash flows. To effectively manage our trade receivables, we must be able to accurately evaluate the credit worthiness of our customers and dealers and ensure that suitable terms and conditions are given to them in order to ensure our continued relationship with them. However, if our management fails to accurately evaluate the credit worthiness of our customers, it may lead to bad debts, delays in recoveries and / or write-offs which could lead to a liquidity crunch, thereby adversely affecting our business and results of operations.

**21. Certain of our working capital facilities and other facilities are under renewal. In case any of such banks do not renew such working capital facilities, it may affect our cash flows which may, in turn, affect our business, financial condition, results of operations and prospects.**

Our working capital facilities and other facilities are renewed at periodic intervals and, as on July 31, 2018 our total secured outstanding indebtedness was Rs. 574.88 Crores of the aforesaid working capital facilities and Rs. 739.92 was towards term loan. We cannot assure you that the cash credit facilities will be renewed or

made available to us, on commercially viable terms, or at all, going forward. This may affect our cash flows which may, in turn, affect our business, financial condition, results of operations and prospects.

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

Substantially all of our secured debt carries interest at floating interest rates or at rates that are subject to adjustments at specified intervals. We are exposed to interest rate risk in respect of contracts for which we have not entered into any swap or interest rate hedging transactions, although we may decide to engage in such transactions in the future. We may further be unable to pass any increase in interest expense to our existing customers. Any such increase in interest expense may have a material effect on our business, financial condition, results of operations and cash flows. Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us fully against our interest rate risk.

**23. Though the facility is fully automated our business requires labour inputs and our business may be affected if we are unable to obtain or retain employees on contract or at commercially attractive costs.**

Our success depends on our ability to attract, hire and retain skilled and unskilled labour. Though the facility at Silvassa is fully automated it requires labour input (both skilled and unskilled) and the business operations at our offices requires presence of suitable personnel. Our continued growth depends in part on our ability to recruit and retain suitable staff at the facility and our offices. We have faced increasing competition for management and skilled personnel with significant knowledge and experience in the geo textiles sector in India. There can be no assurance that attrition rates for our employees will not increase. A significant increase in our employee attrition rate could also impact our operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in recruitment and training costs, thereby materially affecting our business, results of operations and financial condition.

Additionally, we have seen an increasing trend in employee costs in India, which has had a direct impact on our employee costs and consequently, on our margins. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states. We may need to increase compensation and other benefits in order to attract and retain suitable personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase.

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

The funds that we receive would be utilized for the Objects of the Issue as has been stated in the Chapter “Objects of the Issue” on page no. 58 of the Draft Prospectus. The proposed schedule of implementation of the objects of the Offer is based on our management’s estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Offer, we may have to revise our business, development and working capital plans resulting in unprecedented financial mismatch and this may adversely affect our revenues and results of operations.

**25. Accidents could result in the slowdown or stoppage of our operations and could also cause damage to life and property.**

We endeavour to meet necessary safety standards in relation to our operations at our facility. However, certain accidents or mishaps may be unavoidable or may occur on account of negligence or human error in complying with the prescribed safety standards or for other reasons. Such accidents or mishaps may result in, amongst others, an action of tort being initiated against us.

Therefore, although we take steps to ensure safety, accidents, including human fatalities, may occur and there can be no assurance that our safety measures and the precautions undertaken will be completely effective or

sufficient. Further, if we fail to maintain adequate insurance cover in relation to the foregoing, a claim filed by us with our insurer is rejected, a loss occurs, which does not fall under the insurance cover maintained by us, or our claim is subject to any deductible or delay in settlement, amongst other things, our exposure will increase. Any accident at our area of operations could also harm our reputation. Such accidents may have an impact on our business.

**26. In addition to normal remuneration, other benefits and reimbursement of expenses some of our Directors are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.**

Some of our Directors are interested in our Company to the extent of their shareholding and dividend entitlement in our Company, in addition to normal remuneration or benefits and reimbursement of expenses. We cannot assure you that our Directors would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, our Directors will continue to exercise significant control over our Company, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other Shareholders may be unable to affect the outcome of such voting. Our Directors may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions.

**27. Our Promoters/Directors have provided personal guarantees for loan facilities obtained by our Company, and any failure or default by our Company to repay such loans in accordance with the terms and conditions of the financing documents could trigger repayment obligations on them, which may impact their ability to effectively service their obligations as our Promoters/Directors and thereby, impact our business and operations.**

Mr. Amit Kailash Khator and Mrs. Jasoda Kailash Khator, our Promoter/ Director have personally guaranteed the repayment of loan facilities taken by us. As at July 31, 2018, outstanding amounts from credit facilities personally guaranteed was Rs 1314.80 Lakhs.

Any default or failure by us to repay loans in a timely manner, or at all could trigger repayment obligations on the part of Mr. Amit Khator and Mrs. Jasoda Kailash Khator in respect of such loans, which in turn, could have an impact on his ability to effectively service his obligations as Promoter/Director of our Company, thereby having an effect on our business, results of operation and financial condition. Furthermore, in the event that Mr. Amit Khator or Mrs. Jasoda Kailash Khator withdraws or terminates the guarantees, our lenders for such facilities may ask for alternate guarantees and/or collateral security, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

For further details, please refer to chapter titled “Financial Indebtedness” beginning on page 148 of the Draft Prospectus.

**28. Information relating to our production capacities and the historical capacity utilization of our production facility and new project facility included in this Draft Prospectus is based on certain assumptions and has been subjected to rounding off, and future production and capacity utilization may vary.**

Information relating to our production capacities and the historical capacity utilization of our production facility and new project facility included in this Draft Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials, assumptions relating to operational efficiencies, as well as assumptions in relation to the average density of textiles manufactured by us. The assumptions for determining the proposed capacity are based on historical demand and supply, operational efficiency of the Company. It also depends upon the future demand of the products of the Company. Actual production levels and utilization rates may differ significantly from the estimated production capacities or historical estimated capacity utilization information



of our facilities. For further information, see the section titled “Our Business” on page 81 of this Draft Prospectus.

**29. Our business operations may be materially affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.**

We have not experienced any major disruptions to our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience such disruptions in the future. Such disruptions may affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material impact on our business, results of operations and financial condition. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Shortage of skilled personnel or work stoppages caused by disagreements with employees could have an effect on our business and results of operations.

**30. Delays or defaults in client payments could affect our operations.**

We may be subject to working capital risks due to delays or defaults in payment by clients from India and outside India, which may restrict our ability to procure raw materials and make payments when due. In addition, any delay or failure on our part to supply the required quantity or quality of products, within the time stipulated by our agreements, to our customers may in turn cause delay in payment or refusal of payment by the customer. We typically extend credit terms to our customers. Such defaults/delays by our customers in meeting their payment obligations to us may have a material effect on our business, financial condition and results of operations.

**31. Our Company has taken unsecured loans that may be recalled by the lenders at any time.**

Our Company has currently availed unsecured loans which may be called by their lenders at any time. As on July 31, 2018, the unsecured loan amounting 31.02 Lakhs were due to lenders. In the event that lender seeks a repayment of any such loan, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. Also there is no formal agreement with our lender. As a result, any such demand may affect our business, cash flows, financial condition and results of operations. Additionally our Company has not executed any formal loan agreement of above unsecured loan, any dispute arises in relation to terms of loans may affect the loans by our Company. For further details on financing arrangements entered into by our Company, please refer chapter titled “Statement of Financial Indebtedness” beginning on page 148 of Draft Prospectus.

**32. Marketing initiatives undertaken by us may turn out to be ineffective.**

We rely on various marketing initiatives relating to overseas marketing. There can be no assurance that such marketing activities which may involve significant expense will be well received by our customers and consequently such marketing activities may not result in the targeted levels of product sales or demand for our products. Marketing initiatives is important for sale of our products. This requires us to enhance our marketing strategies and experiment with new marketing methods to keep pace with industry developments and customer preferences. An inability to refine our marketing strategies or introduce targeted marketing campaigns in a cost-effective manner could reduce our market share, cause our net revenues to decline and negatively impact our profitability.



**33. Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject and this may have a material effect on our business and financial condition.**

While we maintain insurance coverage, in amounts which we believe are commercially appropriate we may not have sufficient insurance coverage to cover all possible economic losses, including when the loss suffered is not easily quantifiable and related to product liability claim. Even if we have made a claim under an existing insurance policy, we may not be able to successfully assert our claim for any liability or loss under such insurance policy. Additionally, there may be various other risks and losses for which we are not insured either because such risks are uninsurable or not insurable on commercially acceptable terms. The occurrence of an event for which we are not adequately or sufficiently insured could have an effect on our business, results of operations, financial condition and cash flows.

In addition, in the future, we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate or at rates which we consider reasonable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an effect on our business, reputation, results of operations, financial condition and cash flows.

For further details of our Insurance Policies, please refer section titled “Our Business” beginning on Page 81 of this Draft Prospectus.

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

The current Issue includes fresh issue of Equity Shares. Our Promoters may beneficially own approximately 42.61% of our post-Issue equity share capital. As a result, the Promoters may have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company’s best interest. In addition, for so long as the Promoters continue to exercise significant control over the Company, they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders.

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

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

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

With the increased scrutiny of the affairs of a public listed company by shareholders, regulators and the public at large, we will incur significant legal, accounting, corporate governance and other expenses that we did not

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

**37. We have not independently verified certain data in this Draft Prospectus.**

We have not independently verified data from the Industry and related data contained in this Draft Prospectus and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

**RISK FACTORS RELATED TO EQUITY SHARES**

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

Our growth is dependent on having a strong balance sheet to support our activities. In addition to the IPO Proceeds and our internally generated cash flow, we may need other sources of financing to meet our capital needs which may include entering into new debt facilities with lending institutions or raising additional equity in the capital markets. We may need to raise additional capital from time to time, dependent on business conditions. The factors that would require us to raise additional capital could be business growth beyond what the current balance sheet can sustain; additional capital requirements imposed due to changes in regulatory regime or significant depletion in our existing capital base due to unusual operating losses. Any fresh issue of shares or convertible securities would dilute existing holders, and such issuance may not be done at terms and conditions, which are favourable to the then existing shareholders of our Company. If our Company decides to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants, which could further limit our ability to access cash flows from our operations. Such financings 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 the delay or abandonment of our expansion plans. Our business and future results of operations may be affected if we are unable to implement our expansion strategy.

Any future issuance of Equity Shares by our Company could dilute the investors' shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of our Company's major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

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

There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares. Prior to the Issue, there has not been a public market for the Equity Shares. Further, we cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. [The Issue Price of our Equity Shares has been determined on the basis of the Fixed Price Process. This price is based on numerous factors. For further information, see “Basis for Issue Price” beginning on page 67 of this Draft Prospectus and may not be indicative of the market price of our Equity Shares after the Issue]. The Issue Price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the Offer Price. The market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- Volatility in the Indian and other global securities markets;
- Domestic and international economic, legal and regulatory factors unrelated to our performance;
- Risks relating to our business and industry, including those discussed in this Draft Prospectus;
- Investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- Adverse media reports about us, our shareholders or Group Companies;
- Future sales of the Equity Shares;
- Variations in our quarterly results of operations including in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Differences between our actual financial and operating results and those expected by investors and analysts;
- Our future expansion plans;
- Perceptions about our future performance or the performance of companies in the geo textile sector generally, including investments in the same;
- Significant developments in the regulations of the geo textile industry on a pan India level or in the jurisdictions where we have our facilities;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India’s economic liberalisation and deregulation policies; and
- Significant developments in India’s fiscal and environmental regulations. There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share price could fluctuate significantly as a result of market volatility. A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

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

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot state with any certainty whether we will be able to pay dividends in the future. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see “Dividend Policy” on page 125 of this Draft Prospectus.

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

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

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

The articles of association, resolutions of the board of directors, and Indian law govern the corporate affairs of companies operating in India. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as our Company's shareholders than as shareholders of corporations in another jurisdiction.

**43. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.**

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the takeover regulations in India, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

**44. The average cost of acquisition of Equity Shares by our Promoters could be lower than the Issue Price.**

Our Promoters average cost of acquisition of Equity Shares in our Company may be lower than the Issue Price as may be decided by the Company in consultation with the Lead Managers. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer to the chapters "Risk Factors" and "Capital Structure" beginning on pages 13 and 48 respectively of this Draft Prospectus.

**EXTERNAL RISK FACTORS**

**45. Changing laws, rules and regulations and legal uncertainties, including application of tax laws and regulations, may affect our business and financial performance.**

Our Company is subject to various regulations and policies. For details see section titled "Key Industry

Regulations and Policies” beginning on page no. 93 of this Draft Prospectus. The regulatory and policy environment in which we operate is evolving and subject to change. Our business and financial performance could be affected by changes in law, or interpretations of existing laws, rules and regulations, or the promulgation of new laws, rules and regulations in India, applicable to us and our business including the instances mentioned below, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The governmental and regulatory bodies in India and other jurisdictions where we operate/have substantial business dealings in may notify new regulations and/or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations/activities, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material effect on our business, financial condition and results of operations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse affect on our business, financial condition and results of operations.

The application of various Indian and international sales, value-added and other tax laws, rules and regulations to our products, currently or in the future, may be subject to interpretation by applicable authorities, and if amended/ notified, could result in an increase in our tax payments (prospectively or retrospectively) and/or subject us to penalties, which could affect our business operations. The Government of India has implemented a comprehensive national goods and services tax, or GST, regime that combines taxes and levies by the central and state governments into a unified rate structure. The regime is in its nascent stage and is constantly under review and modifications by the Government and related authorities. These amendments may impact our business and may result in significant additional taxes becoming payable by us.

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

Companies Act, 2013 and related rules which are now almost fully in force brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Further, companies meeting certain financial thresholds are also required to constitute a committee of the board of directors for corporate social responsibility activities and ensure that at least 2% of the average net profits of the company during three immediately preceding financial years are utilized for corporate social responsibility activities. Penalties for instances of non-compliance have been prescribed under the Companies Act, 2013, which may result in inter alia, our Company, Directors and key managerial employees being subject to such penalties and formal actions as prescribed. To comply with the provisions of Companies Act, 2013 we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

**47. Indian textile exporters face significant competition in our principal markets.**



We, as do all Indian textile exporters, face significant competition in our principal markets. Some of our competitors have significantly greater production and marketing resources than those available to us. Prior to January 1, 2005, export sales made to various countries were subject to quantitative restrictions ('quotas') imposed on imports from a number of countries, including India. All textile products now trade internationally without quota restrictions. Resultant competition from our competitors, including low cost manufacturers, is likely to drive prices for our products lower. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry. Any failure by us to compete effectively, including in terms of the pricing of our products, could have a material effect on our business, financial condition and results of operations.

#### **48. Our business is dependent on the Indian economy.**

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

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

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

#### **49. Our performance is linked to the stability of policies and the political situation in India.**

The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalization and financial sector reforms. The current Government has announced its general intention to continue India's current economic and financial sector liberalization and deregulation policies. However there can be no assurance that such policies will be continued and a significant change in the government's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares. There can be no assurance to the investors that these liberalization policies will continue under the newly elected government. Protests against privatization could slow down the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the industrial equipment manufacturing sectors, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic



liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

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

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

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

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

**Prominent Notes:**

- 1) Public Issue up to 35,12,000 Equity Shares of Face Value of ₹ 10.00 each of Khator Technical Textiles Limited ("KTTL" or "Our Company" or "The Issuer") for Cash at a price of ₹[●]/- per Equity Share (Including a share premium of ₹ [●] /- per Equity Share) ("Issue Price") aggregating to ₹[●] Lakhs, of which up to 1,77,600 Equity Shares of Face Value of ₹ 10.00 each at a price of ₹[●] aggregating to ₹ [●] Lakhs will be reserved for subscription by Market Maker ("Market Maker Reservation Portion") and Net Issue to Public to 33,34,400 Equity Shares of Face Value of ₹ 10.00 each at a price of ₹[●] aggregating to [●] (hereinafter referred to as the "Net Issue"). The Issue and the Net Issue will constitute 44.98% and 42.83% respectively of the Post Issue paid up Equity Share Capital of Our Company.
- 2) This Issue is being made for at least 25% of the post-issue paid-up Equity Share capital of our Company, pursuant to Rule 19(2) (b) (i) of the Securities Contracts (Regulation) Rules, 1957 as amended. This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. As per Regulation 43(4) of the SEBI (ICDR) Regulations, as amended, since our is a fixed price issue 'the allocation' is the net issue to the public category shall be made as follows:
  - a) Minimum fifty percent to retail individual investors; and
  - b) Remaining to
    - (i) Individual applicants other than retail individual investors; and
    - (ii) Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for
  - c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.
- 3) The net worth of our Company as on March 31, 2018, March 31, 2017 and March 2016 was ₹605.44 Lakhs, ₹370.65 Lakhs, and ₹246.46 Lakhs respectively based on Restated Financial Statements. For more information, see section titled "Financial Information of the Company" beginning on page 126 of this Draft Prospectus.
- 4) The NAV / Book Value per Equity Share, based on Restated Financials of our Company as on March 31, 2018, March 31, 2017 and March 31, 2016 was ₹17.07, ₹41.59 and ₹27.69 per equity share respectively based on Restated Financial Statements. For more information, see section titled "Financial Information of the Company" beginning on page 126 of this Draft Prospectus.

- 5) The average cost of acquisition of Equity Shares by our Promoters is set out below:

Sr. No.	Name of Our Promoters	Number of Equity Shares Held	Average Cost of Acquisitions per Shares (₹)
1	Mr. Amit Kailash Khator	20,30,111	5.62
2	Mrs. Jasoda Kailash Khator	12,95,556	5.48

For further details, see chapter titled "Capital Structure" beginning on page 48 of this Draft Prospectus.

- 6) The details of transactions of our Company with related parties, nature of transactions and the cumulative value of transactions please refer to section titled "Financial Information of the Company – Annexure XXVI Statement of Related Parties Transactions, and Related Party Transactions" beginning on page 126 and on page 124 of this Draft Prospectus.
- 7) No Group Companies/ Entities have any business or other interest in our Company, except as stated in section titled "Financial Information of the Company – Annexure XXVI -Statement of Related Parties Transactions, as Restated" beginning on page 124 and "Our Group Companies/Entities" beginning on page 121 of this Prospectus and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
- 8) Our Company was originally incorporated on 1<sup>st</sup> April, 2013, as "Khator Technical Textiles Private Limited" as a private limited Company under the provisions of the Companies Act, 1956 with the Registrar of Companies, Jaipur. Our Company was converted into a public Limited Company and accordingly the name of our Company was changed to Khator Technical Textiles Limited pursuant to a special resolution passed by our Shareholders at the EGM held on June 14, 2018. A fresh certificate of incorporation upon conversion to public limited company was issued on June 26, 2018 by Registrar of Companies, Jaipur. Our Corporate Identification Number is U17290RJ2013PLC04196. For further details, see chapter titled "History and Certain Corporate Matters" beginning on page 103 of this Draft Prospectus.
- 9) None of our Promoters, Promoter Group, Directors and their relatives have entered into any financing arrangement or financed the purchase of the Equity Shares of our Company by any other person during the period of six months immediately preceding the date of filing of Prospectus.
- 10) Our Company, Promoters, Directors, Promoter Group have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI nor they have been declared as willful defaulters by RBI / Government authorities. Further, no violations of securities laws have been committed by them in the past or pending against them.
- 11) Investors are advised to see the chapter titled "Basis for Issue Price" beginning on page 67 of this Prospectus.
- 12) The Lead Manager and our Company shall update the Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of the Prospectus and commencement of trading.
- 13) Investors are free to contact the Lead Manager i.e. Mark Corporate Advisors Private Limited for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
- 14) In the event of over-subscription, allotment shall be made as set out in paragraph titled "Issue Procedure" beginning on page 187 of this Draft Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. NSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- 15) The Directors / Promoters of our Company have no interest in our Company except to the extent of remuneration and reimbursement of expenses (if applicable) and to the extent of any Equity Shares of our

Company held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding. For further details, please see the chapter titled "Our Management", "Our Promoters and Promoter Group", "Financial Information of the Company" beginning at page 107, 117 and 126 respectively of this Draft Prospectus.

- 16) No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report. For details, please see "Financial Information of the Company" beginning on page 126 of this Prospectus.
- 17) Trading in the Equity Shares for all investors shall be in dematerialized form only.
- 18) No part of the Issue proceeds will be paid as consideration to Promoters, Promoter Group, Directors, Key Managerial Personnel or Group Companies.

For information on the changes of the objects clause of the Memorandum of Association of our Company, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 103 of this Draft Prospectus.

## SECTION III-INTRODUCTION

### SUMMARY OF OUR INDUSTRY

Technical Textiles are defined as textile materials and products used primarily for their technical performance and functional properties. Unlike conventional textiles where aesthetic value is one of the key usage considerations, Technical Textiles are used on account of their specific physical and functional properties. Technical Textiles are used individually as a stand-alone product, or as a component/part of another product to improve the performance of the product. Technical Textiles are also referred to as industrial textiles, functional textiles, performance textiles, engineering textiles, and hi-tech textiles. Technical textiles are used individually or as a component/part of another product. Technical textiles are used individually to satisfy specific functions such as fire retardant fabric for uniforms of firemen and coated fabric to be used as awnings. As a component or part of another product, they are used to enhance the strength, performance or other functional properties of that product.

Technical Textiles represent a multi-disciplinary field with numerous end-use applications. Technical textiles fabrics have application in almost all major areas of economic activity: aerospace, shipping, sports, agriculture, defense, healthcare, construction, etc. Nonwovens are the key materials used for manufacturing Technical Textile products. Nonwoven fabrics are engineered fabrics that may be a limited life, single-use fabric or a very durable fabric. Nonwoven fabrics provide specific functions such as absorbency, liquid repellence, resilience, stretch, softness, strength, flame retardancy, washability, cushioning, filtering, microbial barrier, sterility, etc. These properties are often combined to create fabrics suited for specific jobs, while achieving a good balance between product use-life and cost. They can mimic the appearance, texture and strength of a woven fabric and can be as bulky as the thickest paddings. In combination with other materials they provide a spectrum of products with diverse properties, and are used alone or as components of apparel, home furnishings, health care, engineering, industrial and consumer goods.

Technical Textiles sector is one of the most innovative industries around the world, being used in almost all modern industries including automotive, healthcare, aeronautics, sports etc. The success of technical textiles is primarily due to the creativity, innovation and versatility in fibres, yarns and woven/knitted/nonwoven fabrics with applications spanning an enormous range of uses. The ability of technical textiles to combine with each other and with others to create new functional products offers unlimited opportunity to growth. Depending on the product characteristics, functional requirements and end-user applications, the technical textile products are classified into 12 segments:

- |                 |                  |
|-----------------|------------------|
| (i) Agrotech;   | (ii) Buildtech   |
| (iii) Clothtech | (iv) Geotec      |
| (v) Hometec     | (vi) Indutech    |
| (vii) Meditech  | (viii) Mobiltech |
| (ix) Oekotech   | (x) Packtech     |
| (xi) Protech    | (xii) Sporttech  |



## Market Overview

Global market size for technical textiles is estimated at US\$ 145 billion in 2015 and is expected to grow at a CAGR of 4% and reach US\$ 170 bn. by 2020. The demand for technical textiles will be driven by the rapid industrialization, robust growth in construction & infrastructure projects, increasing automobile production, and rising demand from the health care sector.

Global technical textile imports is dominated by USA with a share of 17%. This is followed by China, Germany and UK with a share of 10%, 8% and 4%, respectively. The rest of the world accounts for 40% share in the imports of technical textiles. Emerging regions such as Asia Pacific and Latin America are presumed to witness rapid growth in multiple segments of technical textiles.

*(Source: Knowledge Paper on Advantage India: Emerging Global Manufacturing Hub for Technical Textiles)*

Technical Textiles has huge scope in India and is in fact a sun-rise sector. India accounts for 3% of the world Technical Textile production producing roughly 90,000 MT of Technical Textiles. China and Europe are the leading manufacturers accounting for over 75% of Technical Textiles, US and Europe are largest importer of Technical Textiles. India accounts for 4% of global Technical Textile exports and 3% of global Technical Textile imports. The Technical Textiles industry in India is estimated at Rs. 1,16,217 Crore in the year 2017-18. The domestic market is projected to reach Rs. 2,00,283 Crore by 2020-21 with CAGR of 20%.

*(Source: Ministry of Textiles, Government of India, Annual Report 2017-18)*

## SUMMARY OF OUR BUSINESS

Our Company was incorporated as Khator Technical Textile Private Limited on 1<sup>st</sup> April 2013 under the provisions of Companies Act, 1956 in the State of Rajasthan. Subsequently, our Company was converted into a Public Limited Company and the name was changed to “Khator Technical Textile Limited” vide fresh Certificate of Incorporation dated 26<sup>th</sup> June, 2018 issued by the Registrar of Companies, Rajasthan. The Corporate Identification Number of Our Company is U17290RJ2013PLC041963.

Our Company manufactures high quality Needlepunched Nonwoven Geotextile with the most sophisticated equipment and processes having a wide range of applications in various industries such as automobile, geotextile, filtration, upholstery, etc. Nonwoven Geotextile are manufactured using the 'dry-laid needle-punch' technology with thermal treatments like IR bonding, and calendaring to meet specific requirements.

Our products have the best functional properties and technical performance for numerous end-use applications across multi-disciplinary segments. Our plant has capacity to manufacture fabrics of 6-meter width ranging from 90 GSM to 1200 GSM.

Our Company is recognized as “One Star Export House” by Directorate General of Foreign Trade and holds valid certificate for the same. Our Company confirms to ISO 9001:2015 quality management system certification. Our products have also been CE accredited by BTTG, UK.

Our fully automated and technologically advanced manufacturing plant is located at Survey No. 166/3 & 4, Village Naroli, Silvassa, Dadra and Nagar Haveli, India measuring 2672.70 square meters which is owned by us.

In a mere span of 5 years, we have supplied our Geotextiles in more than 15 countries with successfully completing all the approvals and third party tests. Our geographically diversified customer base, inter alia, includes supplies to our customers based in Maldives, United Kingdom, Colombia, Japan, Saudi Arabia, Australia, Sri Lanka, Malaysia, Kuwait, Dubai, Thailand, Qatar, etc. Domestically, we have catered to various infrastructure projects including projects of Ministry of Road Transport and Highway, National Highway Authority of India, Public Works Department, Bharat Heavy Electricals Limited, Jawaharlal Nehru Port Trust and We believe that the long-standing relationships that we enjoy with our customers are a catalyst for our continued growth and success.

Our Company is promoted by Mr. Amit Kailash Khator and Mrs. Jasoda Kailash Khator and is a part of the Khator Group. The Khator Group has created its mark in Shirting and Uniform segment of the Textile Industry. From the beginning of trading in textiles, the group now operates multiple production facilities in Kalyan (Maharashtra), Silvassa (Dadra & Nagar Haveli) and Abu Road (Rajasthan).


For FY 2017-18, as per Restated Financial Statements, our total revenue and EBITDA were Rs. 2701.00 Lakhs and Rs. 587.23 Lakhs respectively. Our total revenue has grown at a CAGR of 23.55% from Rs. 1159.26 Lakhs in FY 2014-15 to Rs. 2701.00 Lakhs in FY 2017-18.

Geographical Sales for the FY 2017-18:

Particulars	Amount (In Lakhs)	% to Revenue
<b>Domestic</b>	<b>982.12</b>	<b>38.01 %</b>
<b>Exports</b>	<b>1601.71</b>	<b>61.99 %</b>
Gulf Countries	1003.83	38.85%
Asia	456.18	17.65%
South America	68.17	2.64%
Europe	73.60	2.85%



## OUR PRODUCT:

<b>Product Name</b>	<b>Needlepunched Nonwoven Geotextiles</b> 
<b>Description</b>	<p>Needlepunched Nonwovens are created by mechanically orienting and interlocking the fibers of a carded web. This mechanical interlocking is achieved with thousands of barbed felting needles repeatedly passing into and out of the web with the help of a needle loom. It is a kind of dry non-woven, nonwoven fabrics of acupuncture is the use of the needle puncture effect, fluffy fiber net reinforcement into cloth. Our current manufacturing facility has capacity to manufacture 6 meters wide Nonwovens ranging from 90 GSM to 1200 GSM.</p> <p>Depending upon the customer's requirement, the final roll width can be customized with the online cutters, which can cut the rolls to the desired width simultaneously with the production, the length of the fabric on the paper tube can be customized too as per the customer's requirement.</p>

In addition to Needle-punched Nonwoven Geotextile, which is manufactured by our Company, our Company is also engaged in trading of Woven Geotextiles, GeoDrains and GeoBags. During FY 2017-18, revenue from trading activity is Rs. 56.95 Lakhs.

## SUMMARY OF OUR FINANCIAL STATEMENTS

The following summary of financial statements have been prepared in accordance with Indian GAAP, the companies Act and the SEBI (ICDR) Regulations 2009 and restated as described in the Peer Review Auditor's Report in the chapter titled '*Financial Statements*' beginning on page no 126 of this Draft Prospectus. The summary financial information presented below should be read in conjunction with our restated financial statements financial year ended March 31, 2018, 2017, 2016, 2015 and 2014 including the notes thereto and the chapter titled '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on page no 149 of this Draft Prospectus.

### Annexure-I Statement of Assets and Liabilities, as Restated

(₹ In Lakhs)

Particulars	As at March 31				
	2018	2017	2016	2015	2014
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	355.43	88.86	88.86	88.86	80.00
(b) Reserves & Surplus	251.18	280.71	157.17	118.60	(3.64)
<b>Share Application Money Pending Allotment</b>	-	-	-	-	130.19
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	1,352.56	1,390.67	1,531.04	1,534.91	1,480.00
(b) Long term provision	3.26	2.07	1.09	0.43	0.06
(c) Other Long Term Liabilities	-	-	-	-	-
(d) Deferred Tax Liability(Net)	79.26	34.74	16.26	-	-
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	577.25	499.04	407.14	171.09	-
(b) Trade Payables	517.01	398.85	230.70	179.33	58.30
(c) Other Current Liabilities	2.27	0.84	2.43	1.70	2.76
(d) Short-Term Provisions	78.40	43.13	22.34	7.42	3.48
<b>T O T A L</b>	<b>3,216.62</b>	<b>2,738.91</b>	<b>2,457.04</b>	<b>2,102.33</b>	<b>1,751.15</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets					
- Tangible Assets	1,503.24	1,424.99	1,486.28	1,517.20	1,545.71
- Intangible Assets	-	-	-	-	-
- Capital Work in Progress	-	-	-	-	-
(b) Non-Current Investments	-	-	-	-	-
(c) Deferred Tax Assets (Net)	-	-	-	1.28	1.69
(d) Long Term Loans And Advances	-	-	-	-	-
(e) Other Non-Current Assets	-	-	-	-	-
<b>Current Assets</b>					
(a) Inventories	359.04	326.66	136.78	77.68	42.25
(b) Trade Receivables	590.92	522.06	492.16	314.72	57.86
(c) Cash and Cash Equivalents	108.66	105.00	120.22	77.55	62.41
(d) Short Term Loans & Advances	85.47	90.27	11.85	5.85	5.85
(e) Other Current Assets	569.29	269.93	209.74	108.06	35.38
<b>T O T A L</b>	<b>3,216.62</b>	<b>2,738.91</b>	<b>2,457.04</b>	<b>2,102.33</b>	<b>1,751.15</b>

**Annexure-II**  
**Statement of Profit & Loss, as Restated**

(₹ In Lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Revenue:</b>					
Revenue From Operations (Net of Taxes)	2,583.90	2,375.13	1,954.19	1,069.80	37.86
Other Income	117.10	97.24	136.86	89.46	0.03
<b>Total Revenue</b>	<b>2,701.00</b>	<b>2,472.37</b>	<b>2,091.05</b>	<b>1,159.26</b>	<b>37.89</b>
<b>Expenses:</b>					
Cost of Material Consumed	1,567.59	1,501.31	1,339.29	666.79	25.03
Changes in inventories of finished goods	(12.38)	4.28	(27.89)	(28.43)	-
Operating Expenses	345.17	307.62	247.44	149.67	5.31
Employee benefit expenses	108.13	109.27	91.41	67.70	0.53
Financial Cost	179.96	194.96	209.98	155.77	6.15
Depreciation and amortization expenses	94.12	89.73	88.63	83.68	2.70
Others Expenses	92.40	112.37	76.48	53.79	3.07
Directors Remuneration	10.80	10.80	9.60	9.00	0.34
Preliminary expenses W/o	-	-	-	-	0.08
<b>Total Expenses</b>	<b>2,385.79</b>	<b>2,330.35</b>	<b>2,034.94</b>	<b>1,157.96</b>	<b>43.22</b>
<b>Profit before exceptional ,extraordinary items and tax</b>	<b>315.21</b>	<b>142.02</b>	<b>56.11</b>	<b>1.30</b>	<b>(5.33)</b>
Less: Exceptional Items	-	-	-	-	-
<b>Profit before extraordinary items and tax (A-B)</b>	<b>315.21</b>	<b>142.02</b>	<b>56.11</b>	<b>1.30</b>	<b>(5.33)</b>
Prior Period Items	-	-	-	-	-
Extra ordinary items	-	-	-	-	-
<b>Profit before tax</b>	<b>315.21</b>	<b>142.02</b>	<b>56.11</b>	<b>1.30</b>	<b>(5.33)</b>
Tax expense :					
Current tax	63.99	27.25	10.82	0.32	-
Deferred Tax	44.51	18.49	17.54	0.41	(1.69)
MAT credit Entitlement	(30.34)	(27.25)	(10.82)	(0.32)	-
<b>Profit/(Loss) for the period After Tax-PAT</b>	<b>237.05</b>	<b>123.54</b>	<b>38.57</b>	<b>0.89</b>	<b>(3.64)</b>

**Annexure-III**  
**Statement of Cash Flow, as Restated**

(₹ In Lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Cash Flow From Operating Activities:</b>					
Net Profit before tax as per Profit And Loss A/c	315.21	142.02	56.11	1.30	(5.33)
<b>Adjustments for:</b>	-	-	-	-	
Depreciation & Amortisation Expense	94.12	89.73	88.63	83.68	2.70
Finance Cost	179.96	194.96	209.98	155.77	6.15
Miscellaneous Income	(117.10)	(97.24)	(136.86)	(89.46)	(0.03)
Written Off	-	-	-	(0.65)	
Gratuity Expenses	1.18	0.98	0.66	0.37	0.06
Bonus Expense	0.69				
<b>Operating Profit Before Working Capital Changes</b>					
Adjusted for (Increase)/ Decrease in:					
Short term provision	-	-	-	-	-
Trade Receivables	(68.86)	(29.90)	(177.45)	(256.85)	(57.86)
Current Investments	-	-	(0.32)	-	-
Inventories	(32.38)	(189.88)	(59.10)	(35.43)	(42.25)
Other current assets	(299.36)	(60.19)	(90.94)	(72.75)	(35.38)
Short Term Loans and Advances	-	-	-	-	(5.85)
Trade Payables	118.15	168.15	51.37	121.03	58.30
Other Current Liabilities	1.43	(1.59)	0.73	(1.06)	2.76
Provision	34.59	20.78	4.51	4.02	3.48
Short term Borrowing	78.21	91.90	236.05	171.09	-
<b>Cash Generated From Operations</b>					
MAT Credit Entitlement	30.34	27.25			-
Net Income Tax paid/ refunded	(63.99)	(27.25)			-
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>272.21</b>	<b>329.72</b>	<b>183.37</b>	<b>81.04</b>	<b>(73.25)</b>
<b>Cash Flow From Investing Activities:</b>					
Net (Purchases)/Sales of Fixed Assets (including capital work in progress)	(172.37)	(28.44)	(57.71)	(155.70)	(1,548.40)
Interest Income	117.10	97.24	136.86	89.46	0.03
Net (Increase)/Decrease in Long Term Loans & Advances	-	-	-	-	-
Non Current Investment Purchased					-
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>(55.27)</b>	<b>68.80</b>	<b>79.15</b>	<b>(66.24)</b>	<b>(1,548.38)</b>
<b>Cash Flow from Financing Activities:</b>					
Proceeds From issue of Share Capital					80.00
Share application money from pending allotment					130.19
Net Increase/(Decrease) in Long Term Borrowings	(38.11)	(140.38)	(3.87)	54.91	1,480.00
Net Increase/(Decrease) in Govt Subsidy	-	-	-	101.19	
Net Increase/(Decrease) in Loan and Advances	4.80	(78.42)	(6.00)	-	
Interest on Borrowings	(179.96)	(194.96)	(209.98)	(155.77)	(6.15)
<b>Net Cash Flow from/(used in) Financing Activities (C)</b>	<b>(213.27)</b>	<b>(413.75)</b>	<b>(219.84)</b>	<b>0.33</b>	<b>1,684.04</b>
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	<b>3.67</b>	<b>(15.23)</b>	<b>42.68</b>	<b>15.14</b>	<b>62.41</b>
Cash & Cash Equivalents As At Beginning of the Year	105.00	120.22	77.55	62.41	-
Cash & Cash Equivalents As At End of the Year	<b>108.66</b>	<b>105.00</b>	<b>120.22</b>	<b>77.55</b>	<b>62.41</b>

## THE ISSUE

Particulars	No of Equity Shares
Equity Shares Offered <sup>#</sup>	35,12,000 Equity Shares of face value of ₹10 each fully paid of the Company for cash at price of ₹[●] per Equity Share aggregating ₹[●] lakhs
<i>Fresh Issue consisting of:</i>	
Issue Reserved for Market Maker	1,77,600 Equity Shares of face value of ₹10 each fully paid of the Company for cash at price of ₹[●] per Equity Share aggregating to ₹[●] lakhs
Net Issue to Public	33,34,400 Equity Shares of face value of ₹10 each at a price of ₹[●] per Equity Share to the Public
	<i>of which:</i>
	16,67,200 Equity Shares of face value of ₹10 each at a price of ₹[●] per Equity Share to the Retail Portion
	16,67,200 Equity Shares of face value of ₹10 each at a price of ₹[●] per Equity Share to the Non-Retail Portion
Equity Shares outstanding prior to the Issue	42,94,774 Equity Shares
Equity Shares outstanding after the Issue	78,06,774 Equity Shares
Objects of the Issue	Please refer chapter ' <i>Objects of the Issue</i> ' on page no 58 of this Draft Prospectus

<sup>#</sup> Public issue of up to 35,12,000 Equity Shares of ₹10.00 each for cash at a price of ₹ [●] per Equity Share of our Company aggregating to ₹ [●] lakhs is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please refer to section '*Terms of the Issue*' on page 179 of this Draft Prospectus.

The Issue has been authorized by our Board pursuant to a resolution dated June 27, 2018 and by our Equity Shareholders pursuant to a resolution passed at the Annual General Meeting held on July 07, 2018.

Note:

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

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to:
  - (i) Individual applicants other than retail individual investors; and
  - (ii) Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

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

## GENERAL INFORMATION

Our Company was originally incorporated as 'Khator Technical Textiles Private Limited' on April 1, 2013 with the Registrar of Companies, Jaipur as a Private Limited company under the provisions of the Companies Act, 1956. Subsequently our Company was converted into a Public Limited Company and the name of our Company was changed to 'Khator Technical Textiles Limited'. A fresh certificate of incorporation consequent upon conversion to public limited Company was issued by the Registrar of Companies, Jaipur on June 26, 2018. The Corporate Identification of our Company is U17290RJ2013PLC041963.

For further details of our Company, please refer “General Information” and “History and Certain Other Corporate Matter” on page no 42 and 103, respectively, of this Draft Prospectus.

### Registered Office

**Address** : 244 2nd Floor, Ganpati Plaza, MI Road, Jaipur – 302 001  
**Tel No.** : +91 141 4055354  
**E-mail** : techtex@khator.com  
**Website** : www.khator.com/techtex

### Corporate Office

**Address** : 9/11, Assembly Lane, 38, Dadisheth Agiary Lane, Ground Floor, Kalbadevi Road, Mumbai, Maharashtra- 400 002  
**Tel No.** : +91 22 22414870  
**E-mail** : techtex@khator.com

### Manufacturing Facility\*

**Address** : Survey No. 166, Plot No. 3 & 4, Village Naroli, Silvassa, Dadra & Nagar Haveli- 396235  
**Tel No.** : +91 260 2650024  
**E-mail** : techtex@khator.com  
*\*Place where Books of Accounts are maintained pursuant to Section 128 (1) of the Companies Act, 2013*

### Registrar of Companies

**Name** : ROC, Jaipur  
**Address** : C/6-7, 2<sup>nd</sup> Floor, Residency Area, Civil Lines, Jaipur, Rajasthan 302 001  
**Tel No.** : +91 141 2981913/2981914/ 2981915/ 2981917  
**Fax** : +91 141 2981916  
**Website** : www.mca.gov.in

### Board of Directors

The following table sets out the details regarding out Board of Directors as on the date of this Draft Prospectus:

Name	Designation	DIN	Residential Address
Mr. Amit Kailash Khator	Managing Director	02989041	25/503, Siddhachal Phase-4, Pokharan Road No. 2, Thane, Maharashtra-400610
Mrs. Bhawana alias Bhawana Khator	Whole Time Director	08096086	25/503, Siddhachal Phase-4, Pokharan Road No. 2, Thane, Maharashtra-400610
Mr. Shahaji Ganapat Khapare	Independent Director	05249343	A-Wing Hawa Mahal, Flat No. 1301, Soham Gardens, Ghodbandar Road, Manpada, Thane (W), Maharashtra- 400 607
Mr. Dhruv Tewari	Independent Director	02503062	Flat No. 504, 5th Floor, Valentina Lodha Paradise, Eastern Exp. Highway, Majiwada Thane West, Maharashtra- 400 601



*For further details of Management of our Company, please refer to section titled “Our Management” beginning on page no 107 of this Draft Prospectus.*

#### **Chief Financial Officer**

**Name** : Mr. Vijay Chotelal Kanojia  
**Address** : 9/11, Assembly Lane, 38, Dadisheth Agiary Lane, Ground Floor, Kalbadevi Road, Mumbai-400002  
**Tel No.** : +91 22 22414870  
**E-Mail** : financett@khator.com

#### **Company Secretary & Compliance Officer**

**Name** : Ms. Bhawna Atolia  
**Address** : 244 2nd Floor Ganpati Plaza, MI Road, Jaipur – 302001  
**Tel No.** : +91 141 4055354 / +91 8058755421  
**E-Mail** : compliancett@khator.com

Investors may contact the Compliance Officer and/or the Registrar to the Issue and/or the Lead Manager to the Issue in case of any Pre-Issue or Post-Issue related matter such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary account, unblocking of amount in ASBA etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the concerned SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the ASBA Application Form was submitted by the ASBA Applicant.

For all Issue, related queries and for redressal of complaints, Applicants may also write to the Lead Manager. All complaints, queries or comments received by Stock Exchange/SEBI shall be forwarded to the Lead Manager, who shall respond to the same.

#### **Lead Manager to the Issue**

**Name** : Mark Corporate Advisors Private Limited  
**Address** : 404/1, The Summit Business Bay, Sant Janabai Road (Service Lane), Off W. E. Highway, Vile Parle (East), Mumbai-400 057.  
**Tel No.** : +91 22 2612 3207/08  
**Contact Person** : Mr. Manish Gaur  
**E-Mail ID** : smeipo@markcorporateadvisors.com  
**SEBI Reg. No.** : INM000012128  
**Investor Grievance E-Mail ID** : investorgrievance@markcorporateadvisors.com  
**Website** : www.markcorporateadvisors.com

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

**Name** : LawCept Partners, Advocates & Solicitors  
**Address** : Level 5, Nirlon House, Annie Besant Road, Worli, Mumbai-400 030  
**Contact Person** : Ms. Afshan Ahmedbhoy  
**Tel No.** : +91 22 24947613  
**E-Mail ID** : afshan@lawcept.com

#### **Registrar & Share Transfer Agent**

**Name** : Bigshare Services Private Limited

**SEBI Reg. No.** : INR000001385  
**Address** : 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makhwana Road, Marol, Andheri (E), Mumbai – 400059  
**Contact Person** : Mr. Ashok S Shetty  
**Tel No.** : +91 22 2847 0652/4043 0200  
**E-Mail ID** : ipo@bigshareonline.com  
**Website** : www.bigshareonline.com

#### Designated Stock Exchange

**Name** : National Stock Exchange of India Limited (NSE Emerge)  
**Address** : Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051

#### Statutory Auditor and Peer Review Auditor

**Name** : S. R. Goyal & Co., Chartered Accountants  
**Firm Reg. No.** : 001537C  
**Address** : SRG House, Building No.2, Opp. Ganpati Plaza, M.I.Road, Jaipur-302001 , Rajasthan  
**Contact Person** : Mr. Ajay Kumar Atolia  
**Tel No.** : +91 9829169260  
**Fax No.** : +91 141 2362487  
**E-Mail ID** : ajay@srgoyal.com

#### Bankers to the Company

**Name of the Bank** : Central Bank of India  
**Address** : Kasturi Building, Opp. Petroleum House, J. Tata Road, Mumbai - 400020  
**Contact Name** : Mr. Sriram, Assistant General Manager  
**Contact No.** : +91 22 22045749 / +91 09833897961  
**E-Mail ID** : agmmums0604@centralbank.co.in

#### Bankers to the Issue

**Name** : [●]  
**Address** : [●]  
**Tel No.** : [●]  
**Fax No.** : [●]  
**E-Mail ID** : [●]  
**Website** : [●]

#### 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 details of the Designated Branches which shall collect Application Forms, please refer to the above-mentioned link.

#### Registered Brokers

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 04, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms with the Registered Brokers at the Broker Centers, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the websites of the NSE at [www.nseindia.com](http://www.nseindia.com), 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, are provided on the websites of Stock Exchange at <http://www.nseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6>, as updated from time to time.

### *Collecting Depository Participants*

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchanges

## **CREDIT RATING**

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

## **TRUSTEES**

This being an issue of Equity shares, the appointment of Trustees is not mandatory.

## **IPO GRADING**

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

## **APPRAISAL AND MONITORING AGENCY**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below ₹10,000 Lakhs. Since the Issue size is less than ₹10,000 Lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per the Regulation 18 (3) read with part C of schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee of our Company would be monitoring the utilization of the proceeds of the Issue.

## **DETAILS OF THE APPRAISING AUTHORITY**

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

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

Since, Mark Corporate Advisors Private Limited is the sole Lead Manager to this offer, all the issue related Activities will be managed by them.

## **EXPERT OPINION**

Except the report of Statutory Auditor of our Company on statement of tax benefits included in the Draft Prospectus, our Company has not obtained any other expert opinion.

## **UNDERWRITING**

This Issue is 100% Underwritten. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and subject to certain conditions specified therein.

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

Name and Address of the Underwriter	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rs. in Lakhs)	% of the Total Issue Size Underwritten
<b>Mark Corporate Advisors Private Limited</b> 404/1, The Summit Business Bay, Sant Janabai Road (Service Lane), Off W. E. Highway, Vile Parle (East), Mumbai-400 057	35,12,000	[●]	100%
<b>Total</b>	35,12,000	[●]	100%

In the opinion of the Board of Directors of the Company, the resources of the above-mentioned underwriter are sufficient to enable them to discharge their respective underwriting obligations in full.

#### DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company has entered into Market Making Agreement dated [●], with the Lead Managers and Market Maker, duly registered with NSE to fulfill the obligations of Market Making:

**Name** : [●]  
**Address** : [●]  
**Tel No.** : [●]  
**Fax** : [●]  
**Email** : [●]  
**Contact Person** : [●]  
**SEBI Reg. No.** : [●]

[●], registered with NSE will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI (ICDR) Regulations.

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

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

- 1) The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
- 2) The minimum depth of the quote shall be ₹1,00,000. However, the investors with holdings of value less than ₹1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- 3) After a period of three (3) years from the market making period, the market maker would be exempted to provide quote if the Shares of market maker in our Company reaches to 25 % of Issue Size (including the 1,77,600 Equity Shares to be allotted under this Issue.) Any Equity Shares allotted to Market Maker under this Issue over and above 1,76,600 Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of market maker in our Company reduce to 24% of Issue Size, the market maker will resume providing 2-way quotes.
- 4) There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
- 5) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.

- 6) There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors. At this stage, [•] is acting as the sole Market Maker.
- 7) On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
- 8) The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
- 9) There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non- controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
- 10) The Market Maker(s) shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).  
In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker(s) in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further the Company and the Lead Manager reserve the right to appoint other Market Maker(s) either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed 5 (five) or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.
- 11) NSE Emerge will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. "NSE EMERGE" can impose any other margins as deemed necessary from time-to-time.
- 12) NSE Emerge will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker(s) in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities/trading membership.
- 13) The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties/ fines/ suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.
- 14) The price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.

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

## CAPITAL STRUCTURE

The Share Capital of our Company as of the date of this Draft Prospectus before and after the issue is set forth below:

( In Lakhs)

Sr. No.	Particulars	Aggregate Value at	
		Face Value	Issue Price
<b>A.</b>	<b>AUTHORISED SHARE CAPITAL</b>		
	80,00,000 Equity Shares of face value of ₹10 each	900.00	
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
	42,94,774 fully paid up Equity Shares of face value of ₹10 each	429.48	
<b>C.</b>	<b>PRESENT ISSUE IN TERMS OF PROSPECTUS*</b>		
	35,12,000 Equity Shares of face value of ₹10 each at a price of ₹[●] per Equity Share	351.20	[●]
	<i>Which comprises of:</i>		
	1,77,600 Equity Shares of face value of ₹10 each at a price of ₹[●] per Equity Share reserved as Market Maker portion	17.76	[●]
	Net Issue to Public of 33,34,400 Equity Shares of face value of ₹10 each at a price of ₹[●] per Equity Share to the Public	333.44	[●]
	Of which:		
	<b>Retail Portion:</b> 16,67,200 Equity Shares of face value of ₹10 each at a price of ₹[●] per Equity Share will be available for allocation to Investors up to ₹2.00 Lakhs	166.72	[●]
	<b>Non- Retail Portion:</b> 16,67,200 Equity Shares of face value of ₹10 each at a price of ₹[●] per Equity Share will be available for allocation to Investors above ₹2.00 Lakhs	166.72	[●]
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE</b>		
	78,06,774 Equity Shares of face value of ₹10 each	780.68	-
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue		459.09
	After the Issue		[●]

\* The Issue has been authorized pursuant to a resolution of our Board under section 179(3)(c) & 62(1)(c) dated June 27, 2018 and a Special Resolution passed under Section 23 and Section 62(1)(c) of the Companies Act, 2013 at an AGM of our shareholders held on July 07, 2018.

### Classes of Shares

The Company has only one class of Share Capital i.e. Equity Shares of face value of ₹10 each only. All Equity Shares issued are fully paid-up as on date of this Draft Prospectus.

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

### History of change in Authorized Equity Share Capital of Our Company:

Sr. No.	Particulars of Change		Date of Shareholders Meeting	AGM/ EGM
	From	To		
1)	Rs. 5,00,000/- (50,000/- Equity Shares of Rs.10 each)		On Incorporation	N.A.
2)	Rs. 5,00,000/- (50,000/- Equity Shares of Rs.10 each)	Rs. 1,00,00,000/- (10,00,000/- Equity Shares of Rs.10 each)	20-03-2014	EGM
3)	Rs. 1,00,00,000/- (10,00,000/- Equity Shares of Rs.10 each)	Rs. 4,00,00,000/- (40,00,000/- Equity Shares of Rs.10 each)	15-03-2018	EGM
4)	Rs. 4,00,00,000/- (40,00,000/- Equity Shares of Rs.10 each)	Rs. 8,00,00,000/- (80,00,000/- Equity Shares of Rs.10 each)	24-04-2018	EGM
5)	Rs. 8,00,00,000/- (80,00,000/- Equity Shares of Rs.10 each)	Rs. 9,00,00,000/- (90,00,000/- Equity Shares of Rs.10 each)	07-07-2018	AGM



## NOTES TO THE CAPITAL STRUCTURE:

### 1) Equity Share Capital History of our Company as on date

Date of Allotment of Equity Shares	No. of Equity Shares Issued	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative paid-up share capital (₹)
Incorporation	10,000	10	10	Cash	Subscription to MOA <sup>(i)</sup>	10,000	1,00,000
31-03-2014	7,90,000	10	10	Cash	Allotment of shares by way of Rights issue <sup>(ii)</sup>	8,00,000	80,00,000
15-07-2014	88,574	10	147	Cash	Allotment of shares by way of rights issue <sup>(iii)</sup>	8,88,574	88,85,740
27-03-2018	26,65,722	10	NA	Other than Cash	Bonus Issue <sup>(iv)</sup>	35,54,296	3,55,42,960
21-05-2018	7,40,478	10	72	Cash	Allotment of shares by way of rights issue <sup>(v)</sup>	42,94,774	4,29,47,740

(i.) Initial subscribers to the Memorandum of Association of our Company:

Sr. No.	Name of the Person	No. of Shares Allotted
1)	Mr. Kailash Kumar Satyanarayan Khator	5,000
2)	Mr. Amit Kailash Khator	5,000
<b>Total</b>		<b>10,000</b>

(ii.) Allotment of 7,90,000 equity shares by way of rights issue:

Sr. No.	Name of the Person	No. of Shares Allotted
1)	Mr. Amit Kailash Khator	4,80,000
2)	Mrs. Jasoda Kailash Khator*	3,10,000
<b>Total</b>		<b>7,90,000</b>

\*Original rights entitlement renounced by Mr. Kailash Kumar Satyanarayan Khator

(iii.) Allotment of 88,574 equity shares by way of rights issue:

Sr. No.	Name of the Person	No. of Shares Allotted
1)	Mr. Ashish Ranchhod Shukla*	88,574
<b>Total</b>		<b>88,574</b>

\*Original rights entitlement renounced by Mr. Amit Kailash Khator, Mr. Kailash Kumar Satyanarayan Khator and Mrs. Jasoda Kailash Khator.

(iv.) Bonus issue of 26,65,722 equity shares in the ratio of 3:1:

Sr. No.	Name of the Person	No. of Shares Allotted
1)	Mr. Amit Kailash Khator	14,55,000
2)	Mrs. Jasoda Kailash Khator	9,30,000
3)	Mr. Kailash Kumar Satyanarayan Khator	15,000
4)	Mr. Ashish Ranchhod Shukla	2,65,722
<b>Total</b>		<b>26,65,722</b>

(v.) Allotment of 7,40,478 Equity Shares by way of rights issue:

Sr. No.	Name of the Person	No. of Shares Allotted
1)	Mr. Amit Kailash Khator	91,111
2)	Mrs. Jasoda Kailash Khator	55,556
3)	Ms. Bina Devi Khator	1,24,400
4)	Ms. Bhawana Khator	63,688
5)	Kailash Khator HUF*	1,93,661
6)	Ms. Anisha Khator*	1,11,288
7)	Ashok Khator HUF*	48,000
8)	Praful Khator HUF*	48,000
9)	Ms. Shushila Khator*	4,774
<b>Total</b>		<b>7,40,478</b>

\*Original rights entitlement renounced by existing Equity Shareholders.

## 2) Issue of Equity Shares for Consideration other than Cash

Sr. No.	Date of Allotment	No of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration	Nature of Allotment	Benefits accrued to our Company
1.)	27-03-2018	26,65,722	10	Nil	Other than cash	Bonus Issue	Nil

3) We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956 and/or Sections 230-233 of the Companies Act, 2013.

4) We have not issued any equity shares in last one year at price below the Issue Price immediately from the date of filing of this Draft Prospectus other than.

## 5) Capital built-up of our Promoters:

<b>Mr. Amit Kailash Khator</b>							
Date of Allotment/ Transfer	Consideration	Nature of the issue	No. of equity shares	Face Value	Issue/ acquisition Price	% of Pre-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
Incorporation	Cash	Subscription to MOA	5,000	10	10	0.12%	0.06%
31-03-2014	Cash	Further allotment	4,80,000	10	10	11.18%	6.15%
27-03-2018	Other than Cash	Bonus issue	14,55,000	10	NA	33.88%	18.64%
05-04-2018	N/A	Gift of Shares	(1,000)	10	-	(0.02%)	(0.02%)
21-05-2018	Cash	Further allotment	91,111	10	72	2.12%	1.17%
<b>Total</b>			<b>20,30,111</b>			<b>47.29%</b>	<b>26.02%</b>

<b>Mrs. Jasoda Kailash Khator</b>							
Date of Allotment	Consideration	Nature of the issue	No. Of equity shares	Face Value	Issue/ Acquisition Price	% of Pre-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
31-03-2014	Cash	Further allotment	3,10,000	10	10	7.22%	3.97%
27-03-2018	Other than Cash	Bonus issue	9,30,000	10	NA	21.65%	11.92%
21-05-2018	Cash	Further allotment	55,556	10	72	1.29%	0.71%
<b>Total</b>			<b>12,95,556</b>			<b>30.17%</b>	<b>16.60%</b>

## 6) Details of Promoter's Contribution locked in for three years:

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

Our Promoter(s) Mr. Amit Kailash Khator and Mrs. Jasoda Kailash Khator have granted their consent to include such number of Equity Shares held by them as may constitute 20% of the post-issue Equity Share Capital of our Company as Promoter's Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoter's Contribution from the date of filing of this prospectus until the completion of the lock-in period specified above. The details of such equity shares are as under:

<b>Mr. Amit Kailash Khator</b>						
Date of allotment	Face Value	Nature of the issue	No. of equity shares	Issue Price	% of Pre-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
27-03-2018	10	Bonus Issue	14,55,000	N/A	33.88%	18.64%
<b>Total</b>			<b>14,55,000</b>		<b>33.88%</b>	<b>18.64%</b>
<b>Mrs. Jasoda Kailash Khator</b>						
Date of allotment	Face Value	Nature of the issue	No. of equity shares	Issue Price	% of Pre-Issue Paid up Equity capital	% of Post Issue Paid up Equity capital
27-03-2018	10	Bonus Issue	1,06,355	N/A	2.48%	1.36%
<b>Total</b>			<b>1,06,355</b>		<b>2.48%</b>	<b>1.36%</b>
<b>Grand Total</b>			<b>15,61,355</b>		<b>36.36%</b>	<b>20.00%</b>

We further confirm that the aforesaid minimum Promoter's Contribution of 20.00% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Initial Public Offer. However, company has allotted bonus shares.
- The Equity Shares held by the Promoters and offered for minimum Promoter's Contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoter's Contribution subject to lock-in.
- Equity shares issued to our Promoters on conversion of partnership firm into Private limited company during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Initial Public Offer.

The Promoter's Contribution may be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the Equity Shares is one of the terms of the sanction of the loan. The Promoter's Contribution may be pledged only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue and pledge of specified securities is one of the terms of the sanction of loan.

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

**7) Details of share capital locked in for one year:**

In addition to minimum 20.00% of the Post-Issue shareholding of our Company held by the Promoters (locked in for three years as specified above), in accordance with regulation 36 of SEBI (ICDR) Regulations, the entire pre-issue share capital of our Company shall be locked in for a period of one year from the date of Allotment in this Issue.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment, in accordance with regulation 37 of SEBI (ICDR) Regulations, in the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations.

Our Promoters have confirmed to the Company and the Lead Manager that the Equity Shares held by our Promoters have been financed from their personal funds or their internal accruals, as the case may be, and no loans or financial assistance from any bank or financial institution has been availed by them for this purpose.

There are no financing arrangements whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing offer document with the Stock Exchange.

## 8) Shareholding pattern of our company:

A. The table below represents the current Shareholding pattern of our Company as per Regulation 31 of the SEBI (LODR) Regulations, 2015:

Category (I)	Category of shareholder (II)	Nos. of Share holders (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 (calculate as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C) (IX)				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 (XIV) 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	2	33,25,667	-	-	33,26,667	77.44%	[●]	-	[●]	[●]	-	[●]	-	-	-	-	-
(B)	Promoter Group	6	6,14,811	-	-	6,13,811	14.31%	[●]	-	[●]	[●]	-	[●]	-	-	-	-	-
	Public	1	3,54,296	-	-	3,54,296	8.25%	[●]	-	[●]	[●]	-	[●]	-	-	-	-	-
(D)	Non-Promoter/ Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(D1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(D2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	9	42,94,774	[●]	[●]	42,94,774	100.00%	[●]	[●]	[●]	[●]	[●]	[●]	-	-	-	-	-

### Notes:

- 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 NSE 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.

**B. Shareholding Pattern of Promoters and Promoter Group:**

Sr. No.	Name of the Shareholder	Pre-Issue		Post-Issue		Shares pledged or otherwise encumbered		
		No. of Equity Shares	As a % of Issued Share Capital	No. of equity shares	As a % of Issued Share Capital	Number	As a %	As a % of grand total (a)+(b)+ (c) of Sub- clause (i)(a)
(A)	<b>Promoters:</b>					-	-	-
1)	Mr. Amit Kailash Khator	20,30,111	47.27%	20,31,111	26.01%	-	-	-
2)	Mrs. Jasoda Kailash Khator	12,95,556	30.17%	12,95,556	16.60%	-	-	-
<b>Total (A)</b>		<b>33,25,667</b>	<b>77.44%</b>	<b>33,25,667</b>	<b>42.61%</b>		-	-
(B)	<b>Promoter Group:</b>					-	-	-
1)	Kailash Khator HUF	1,93,661	4.51%	1,93,661	2.48%	-	-	-
2)	Mrs. Bina Devi Khator	1,72,900	4.03%	1,72,900	2.21%	-	-	-
3)	Ms. Anisha Khator	1,11,288	2.59%	1,11,288	1.42%	-	-	-
4)	Ms. Bhawana Khator	64,188	1.49%	64,188	0.82%	-	-	-
5)	Mr. Kailash Kumar Satyanarayan Khator	20,000	0.47%	20,000	0.25%	-	-	-
6)	Mrs. Shushila Khator	52,774	1.23%	52,774	0.68%	-	-	-
<b>Total (B)</b>		<b>6,14,811</b>	<b>14.32%</b>	<b>6,14,811</b>	<b>7.86%</b>	-	-	-
<b>Total (A+B)</b>		<b>39,40,478</b>	<b>91.76%</b>	<b>39,40,478</b>	<b>50.47%</b>			

**C. Shareholding Pattern of the persons belonging to the category “Public”:**

Sr. No.	Name of the Shareholder	Pre-Issue		Post-Issue		Shares pledged or otherwise encumbered		
		No. of Equity Shares	As a % of Issued Share Capital	No. of equity shares	As a % of Issued Share Capital	Number	As a %	As a % of grand total (a)+(b)+ (c) of Sub- clause (i)(a)
1)	Mr. Ashish Ranchhod Shukla	3,54,296	8.25%	3,54,296	4.54%	-	-	-
<b>Total</b>		<b>3,54,296</b>	<b>8.25%</b>	<b>3,54,296</b>	<b>4.54%</b>	-	-	-

**D. Except as mentioned below, there was no shares purchased/ sold by the Promoters/ Promoter Group, Directors and their immediate relatives during last six months.**

Date of Transfer	Name of the Transferee/ Transferor	Party Category	No. of Shares Allotted/ Transferred	Face Value	Transfer / Issue Price	Nature of Allotment
27-03-2018	Mr. Amit Kailash Khator	Promoter & Director	14,55,000	10	NA	Bonus Issue
27-03-2018	Mrs. Jasoda Kailash Khator	Promoter	9,30,000	10	NA	
27-03-2018	Mr. Kailash Kumar Satyanarayan Khator	Promoter Group	15,000	10	NA	
05-04-2018	Mr. Amit Kailash Khator	Promoter & Director	(1000)	10	Nil	Transfer
05-04-2018	Mrs. Bina Devi Khator	Promoter Group	500	10	Nil	Transfer
05-04-2018	Mrs. Bhawana Khator	Director	500	10	Nil	Transfer
21-05-2018	Mr. Amit Kailash Khator	Promoter & Director	91,111	10	72	Further Issue by way of rights issue
21-05-2018	Mrs. Jasoda Kailash Khator	Promoter	55,556	10	72	
21-05-2018	Ms. Bina Devi Khator	Promoter Group	1,24,400	10	72	



21-05-2018	Mrs. Bhawana Khator	Director	63,688	10	72	
21-05-2018	Kailash Khator HUF	Promoter Group	1,93,661	10	72	
21-05-2018	Ms. Anisha Khator	Promoter Group	1,11,288	10	72	
21-05-2018	Ashok Khator HUF	Promoter Group	48,000	10	72	
21-05-2018	Praful Khator HUF	Promoter Group	48,000	10	72	
21-05-2018	Mrs. Shushila Khator	Promoter Group	4,774	10	72	
25-07-2018	Ashok Khator HUF	Promoter Group	(48,000)	10	72	Transfer
25-07-2018	Mrs. Bina Devi Khator	Promoter Group	48,000	10	72	Transfer
25-07-2018	Praful Khator HUF	Promoter Group	(48,000)	10	72	Transfer
25-07-2018	Mrs. Sushila Khator	Promoter Group	48,000	10	72	Transfer

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

Sr. No.	Name of the Promoters	No of Shares held	Average cost of Acquisition (in ₹)
1)	Mr. Amit Kailash Khator	20,30,111	5.62
2)	Mrs. Jasoda Kailash Khator	12,95,556	5.48

10) Except Mr. Amit Kailash Khator, Managing Director who holds 20,30,111 Equity Shares and Mrs. Bhawana Khator, Whole Time Director who holds 64,188 Equity Shares of our Company, none of our Directors or Key Managerial Personnel hold equity shares in our Company.

#### 11) Equity Shares held by top ten shareholders

A. Particulars of the top ten shareholders as on the date of filing this Draft Prospectus are as under:

Sr. No.	Name of Shareholder	No. of Shares	% age of Pre-Issue capital
1)	Mr. Amit Kailash Khator	20,30,111	47.27%
2)	Mrs. Jasoda Kailash Khator	12,95,556	30.17%
3)	Mr. Ashish Ranchhod Shukla	3,54,296	8.25%
4)	Kailash Khator HUF	1,93,661	4.51%
5)	Mrs. Bina Devi Khator	1,72,900	4.02%
6)	Ms. Anisha Khator	1,11,288	2.59%
7)	Mrs. Bhawana Khator	64,188	1.49%
8)	Mrs. Sushila Khator	52,774	1.23%
9)	Mr. Kailash Kumar Satyanarayan Khator	20,000	0.47%
	<b>TOTAL</b>	<b>42,94,774</b>	<b>100.00%</b>

B. Particulars of the top ten shareholders ten days prior to this Draft Prospectus are as under:

Sr. No.	Name of Shareholder	No. of Shares	% age of Pre-Issue capital
1)	Mr. Amit Kailash Khator	20,30,111	47.27%
2)	Mrs. Jasoda Kailash Khator	12,95,556	30.17%
3)	Mr. Ashish Ranchhod Shukla	3,54,296	8.25%
4)	Kailash Khator HUF	1,93,661	4.51%
5)	Mrs. Bina Devi Khator	1,72,900	4.02%
6)	Ms. Anisha Khator	1,11,288	2.59%
7)	Mrs. Bhawana Khator	64,188	1.49%
8)	Mrs. Sushila Khator	52,774	1.23%
9)	Mr. Kailash Kumar Satyanarayan Khator	20,000	0.47%
	<b>TOTAL</b>	<b>42,94,774</b>	<b>100.00%</b>

C. Particulars of the top ten shareholders two years prior to this Draft Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of Pre-issue capital
1)	Mr. Amit Kailash Khator	4,85,000	54.58%
2)	Mrs. Jasoda Kailash Khator	3,10,000	34.89%
3)	Mr. Ashish Ranchhod Shukla	88,574	9.97%
4)	Mr. Kailash Kumar Satyanarayan Khator	5,000	0.56%
	<b>TOTAL</b>	<b>8,88,574</b>	<b>100%</b>

*Note: The above mentioned Equity Shares are at Face Value of `10/-.*

- 12) There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/Lead Manager for purchase of Equity Shares offered through this Draft Prospectus.
- 13) The Equity Shares, which are subject to lock-in, shall carry the inscription "non-transferable" and the non-transferability details shall be informed to the depository. The details of lock-in shall also be provided to the Stock Exchange before the listing of the Equity Shares.
- 14) As on the date of this Draft Prospectus, none of the shares held by our Promoters/ Promoter Group are pledged with any financial institutions or banks or any third party as security for repayment of loans.
- 15) We have not raised any bridge loans against the proceeds of the Issue.
- 16) Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in heading on "*Basis of Allotment*" beginning on page no 198 of this Draft Prospectus
- 17) The Equity Shares Issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no allotment shall be made.
- 18) Our Company has not issued any Equity Shares at a price less than the Issue Price in the last one year preceding the date of filing of this Draft Prospectus except Bonus Shares.
- 19) In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, as amended from time to time.
- 20) Under subscription, if any, in any category, shall be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the Lead Manager and the designated stock exchange.
- 21) An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased to ensure that 20% of the post issue paid-up capital is locked-in.
- 22) The Issue is being made through Fixed Price Method.
- 23) As on date of filing of this Draft Prospectus with Stock Exchange, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
- 24) On the date of filing of this Draft Prospectus with Stock Exchange, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
- 25) Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus shares out of capitalization of revaluation reserves.

- 26) Lead Manager to the Issue viz. Mark Corporate Advisors Private Limited and its associates do not hold any Equity Shares of our Company.
- 27) Our Company has not revalued its assets since incorporation.
- 28) Our Company has not made any Public Issue of any kind or class of securities since its incorporation.
- 29) There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law.
- 30) Our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.
- 31) There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Prospectus with Stock Exchange until the Equity Shares to be issued pursuant to the Issue have been listed.
- 32) Except as disclosed in this Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
- 33) Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulation, 2014.
- 34) An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
- 35) No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
- 36) Our Company has Nine (9) Shareholders as on the date of filing of this Draft Prospectus.

## SECTION IV-PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The objects of the Issue are to finance our business expansion plans and achieve the benefits of listing on the SME platform of NSE. We believe that listing will enhance our corporate image and brand name of our Company.

**The objects of the Issue are as stated below:**

- 1.) Part financing for expansion of production capacity by way of setting up of an additional manufacturing facility of nonwovens geotextiles;
- 2.) Up-gradation of existing manufacturing facility;
- 3.) Meeting working capital requirement; and
- 4.) General corporate purposes.

We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The main objects clause of our Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

### Issue Proceeds:

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

(` in Lakhs)

Particulars	Amount*
Gross Proceeds from the Issue	[•]
Less: Issue Expenses	[•]
<b>Net Proceeds from the Issue</b>	[•]

\*to be finalized on determination of Issue Price

### Means of Finance

(` in Lakhs)

Objects of the Issue	Amount Required	Net Issue Proceeds	Bank Loan
Part financing the setting up of additional manufacturing facility of needle punch nonwovens	1,871.08	1,527.14	500.00
Up-gradation of existing manufacturing facility	156.06		
Funding the working capital requirement of our Company	300.00	300.00	-
General corporate purposes	[•]	[•]	-
<b>Total</b>	[•]	[•]	500.00

The Company has received conditional approval letter for fresh term loan of Rs. 500.00 Lakhs from Central Bank of India vide their letter dated July 6, 2018. The salient features of the terms and conditions of the conditional approval includes following:

1. The actual loan assessment will be done after raising money by the Company through IPO.
2. The loan amount will be decided based on the financial ratio and actual assessment of the term.
3. The Company should submit all required financial papers for assessment of loan.
4. The lease agreement or sale agreement of and where the unit will be constructed should be vetted from Bank's law officer.
5. All financial ratios are required to be above benchmark.

6. External rating of the Company should not be downgraded from the previous external rating.
7. Satisfactory Pre-sanction Inspection Report.
8. Assets and Liabilities Statement for Financial Report to be submitted
9. This conditional sanction is given only on the basis of relation of the Company with the Bank and satisfactory conduct of the account since inception and nothing else. Regular sanction will be dependent on complete through process and hence, bank reserve right to withdraw this conditional sanction and/or amend any or all the terms and conditions of this sanction. Terms and conditions prevailing at the time of regular sanction, if issued, will be applicable.
10. Mere conditional sanction of loan does not vest any right in the company to seek a regular sanction.
11. Nothing contained in this conditional sanction letter should be deemed to create any right and/or interest whatsoever in favour of or against any party.
12. CIBIL report of the Director/ Company should be satisfactory.

Accordingly, we confirm that we will be in compliance with the 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 amounts to be raised through the proposed Issue.

The fund requirement and deployment is based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in the light of changes in external circumstances or costs or other financial conditions and other external factors.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for particular activity will be met by way of means available to our Company, including from internal accruals. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required. In case of delays in raising funds from the Issue, our Company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Unsecured Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Unsecured Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

We further confirm that no part proceed of the Issue shall be utilized for repayment of any Part of unsecured loan outstanding as on date of Draft Prospectus.

As we operate in competitive environment, our Company may have to revise its business plan from time to time and consequently our fund requirements may also change. Our Company's historical expenditure may not be reflective of our future expenditure plans. Our Company may have to revise its estimated costs, fund allocation and fund requirements owing to various factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of the Company's management.

For further details on the risks involved in our business plans and executing our business strategies, please see the section titled '*Risk Factors*' beginning on page no 13 of the Draft Prospectus.

#### Utilization of Net Proceeds:

The net proceeds are proposed to be used in the manner set out in the following table:

Sr. No.	Particulars	Amount to be financed from Net Issue Proceeds (Rs. In Lakhs)	Percentage of Gross Proceeds	Percentage of Net Proceeds
1.	Part financing for expansion of production capacity by way of setting up additional manufacturing facility of nonwovens geotextiles	1871.08	[●]	[●]

2.	Up-gradation of existing manufacturing facility	156.06	[•]	[•]
3.	Funding the working capital requirement of our Company	300.00	[•]	[•]
5.	General corporate purposes*	[•]	[•]	[•]

\*to be finalized on determination of Issue Price and updated in Prospectus

#### **Details of Utilization of Net Proceeds from the Issue:**

The details of utilization of the Net Proceeds are set forth herein below:

#### **1.) Part financing for expansion of production capacity by way of setting up additional manufacturing facility of nonwovens geotextiles**

Our Company is currently engaged in business of manufacturing of nonwoven geotextiles of 6 meters' width ranging from 90 GSM to 1200 GSM. Our Company, at present, has an installed capacity of 2400 MT per annum. As a part of expansion strategy, the Company now proposed to set up additional manufacturing facility of nonwoven geotextiles of 3 meters width ranging from 100 GSM to 400 GSM having an installed capacity of 4200 MT per annum. The manufacturing facility shall be set up in the vicinity of existing manufacturing facility in Naroli, Silvassa.

We have to obtain necessary approvals such as Factory License, Consent to Establish from Pollution Control Committee, Dadra and Nagar Haveli, Power Load from DNH Power Distribution Corporation Limited and various other approvals.

The details of the estimated cost are as under: -

Sr. No.	Description of Cost	Amount (Rs. in Lakhs)
(i)	Plant & machinery	1256.78
(ii)	Land and site development	157.50
(iii)	Civil construction	189.00
(iv)	Miscellaneous fixed assets	267.80
	<b>Total</b>	<b>1871.08</b>

#### **(i) Plant & Machinery**

Our Company propose to acquire imported plant and machinery at an aggregate cost of Rs. 985.71 Lakhs. The plant & machinery is proposed to be imported under Export Promotion Capital Goods (EPCG) Scheme which allows import of capital goods at zero rate subject to export obligations.

The details of the Plant & Machineries are given hereunder:-

Description of plant and machinery	No. of Units	Basic Rate (in USD)	Basic Rate* (Rs. In Lakhs)	Name of Supplier	Date of Quotation
Complete Needle Punched Nonwovens Production Line upto rolled goods preparation & packaging consisting of machines with Standard parts & accessories	One Set	14,28,571	985.71	Jiangsu Yingyang Nonwoven Machinery Co. Ltd., China	15-07-2018 (Valid for 180 days)
Pre-operative Expenses	5.00%	-	49.29		
Electrical Installation	7.50%	-	73.93		
Erection & Installation	10.00%	-	98.57		
Contingency margin	5.00%	-	49.29		



<b>Total</b>			<b>1256.78</b>		
--------------	--	--	----------------	--	--

\*Amount converted into Rupees at Rs.69 per USD

## (ii) Land and site development

Our Company proposes to acquire a land of around 2300 square meters lands in the vicinity of existing manufacturing facility at Naroli, Silvassa. However, as on the date of this Draft Prospectus, no such land is identified. The estimated cost of the land is Rs. 112 Lakhs based on rate of Rs. 4840/- per square meter as specified by Revenue Department of Dadra & Nagar Haveli vide their Order No. No.Adm/RD/RTS/Rate/2015/ dated 29<sup>th</sup> October, 2015 and cost of development is estimated to be Rs. 38 Lakhs. We have made provision for contingency expenses in relation to the land and site development to be 5.00% of the total cost of land & site development i.e. 7.50 Lakhs. In case our Company is unable to acquire land due to unavoidable circumstances, the Company may take land on long-term lease basis and in such case the surplus amount may be deployed for general corporate purposes.

## (iii) Civil construction

Our Company proposes to construct 20,000 square feet of factory shed with RCC foundation and steel structure. The estimated cost for the same is Rs. 180 Lakhs which is certified by Mr. Rajesh I. Ankleshwaria, Valsad, a Consulting Engineer, Structural Designer and Architect vide his certificate dated 20<sup>th</sup> July, 2018. We have made provision for contingency expenses in relation to the civil construction to be 5.00% of the total cost of civil construction i.e. 9.00 Lakhs.

## (iv) Miscellaneous fixed assets

(Rs. in Lakhs)

Sr. No.	Particulars	Name of Supplier	No. of Units	Total Estimated Cost	Date of Quotation	Validity
1	Fiber Tenacity & Elongation Tester	Apple Electronics, Vadodara	1	15.64	18.08.2018	3Month
2	Transformer- Four Pole Structure Work HT Cable	Moonlight, Tarapur	Various	26.38	19-08-2018	90 Days
3	Transformer- Panel Expenses	Moonlight, Tarapur	Various	20.97	19-08-2018	90 Days
4	Package winding machine	Sahil Engineering work		2.25	21-08-2018	120 days
5	Rewinding machine	Kusum Multitrade Pvt. Ltd.	1	10.56	08-08-2018	90 Days
6	Forklifts Trucks- Battery operated with accessories	FB Varuna Industries, Vapi	1	13.46	13-08-2018	90 days
7	Forklift Trucks- Diesel operated	FB Varuna Industries, Vapi	1	16.93	13-08-2018	120 days
8	500KVA silent diesel genset	Sudhir Power Limited	1	35.12	11-08-2018	90 days
9	MS grid ramp	Sohal Engineering, Kota	1	5.31	11-08-2018	120 days
10	Air compressor	Air Solution, Ahmedabad	2	6.33	21-08-2018	120 days
11	Air receiver tank	Air Solution, Ahmedabad	1	0.52	21-08-2018	120 days
12	Cooling Tower	Himgiri Cooling Towers, Silvassa	2	1.32	19-08-2018	90 days
13	5.5 Ton Ductable Air Conditioner	Snow Cool Refrigeration	2	2.26	05-08-2018	120 days

14	Fire Extinguisher	Manika Fire Services		1.55	30-05-2018	90 days
15	CCTV Camera & Installation	Rightclick Infotech	16	1.45	17-08-2018	120 days
16	Furniture and Fixtures	-	Lump-sum	50.00	-	-
	<b>Sub-Total</b>			<b>210.05</b>		
	Pre-operative Expenses	-	5.00%	10.50	-	-
	Electrical Installation	-	7.50%	15.75	-	-
	Erection & Installation	-	10.00%	21.00	-	-
	Contingency margin	-	5.00%	10.50	-	-
<b>Total</b>				<b>267.80</b>		

The above cost estimates are based on the quotations received from the said overseas and domestic suppliers / vendors. We have considered the quotations for the budgetary estimate purpose and have not placed orders for any of the aforesaid plant and machinery. The actual expenditure incurred and actual supplier / vendor may vary from ones indicated above based on the time and cost, or tax or duty implications, involved in actual procurement. None of the suppliers / vendors is related to Our Company and our Promoters. All the above quotations are valid as on the date of this Draft Prospectus.

## 2.) Up-gradation of existing manufacturing facility

(Rs. in Lakhs)

Sr. No.	Particulars	Name of Supplier	No. of Units	Total Estimated Cost	Date of Quotation	Validity
1.	Various Spare Parts	Jiangsu Yingyang Nonwoven Machinery Co. Ltd., China	Various	90.77*	27-02-2018	30 Days
2.	Set of wire points for Carding Machine	Jiangsu Yingyang Nonwoven Machinery Co. Ltd., China	6	11.23*	06-08-2018	Proforma Invoice
3.	Set of Needles for Needle Looms		6	8.63*	03-08-2018	Proforma Invoice
4.	Roller oil heated Calendar Machine	Darshan Industrial Service, Mumbai	1	38.00	31-07-2018	90 days
<b>Sub-Total</b>				<b>148.63</b>		
Add: Contingency Margin				5%	7.43	
<b>Total</b>				<b>156.06</b>		

\*Amount converted into Rupees at Rs.69 per USD

The above cost estimates are based on the quotations received from the said overseas and domestic suppliers / vendors. We have considered the quotations for the budgetary estimate purpose and have not placed orders for any of the aforesaid plant and machinery. The actual expenditure incurred and actual supplier / vendor may vary from ones indicated above based on the time and cost, or tax or duty implications, involved in actual procurement. None of the suppliers / vendors is related to Our Company and our Promoters. All the above quotations are valid as on the date of this Draft Prospectus.

## 3.) Funding working capital requirement of our Company

Sr. No.	Particulars	As on 31 <sup>st</sup> March		
		2017	2018	2019
		Actual (Restated)	Actual (Restated)	Estimated
<b>A</b>	<b>Current Assets</b>			
	Inventories	326.66	359.04	375.00

	Trade Receivables	522.06	590.92	676.00
	Cash and Cash Equivalent	105.00	108.66	100.00
	Short Term Loans & Advances	90.27	85.47	89.80
	Other Current Assets	269.93	569.29	421.74
	<b>Total (A)</b>	<b>1313.92</b>	<b>1713.38</b>	<b>1662.54</b>
<b>B</b>	<b>Current Liabilities</b>			
	Short Term Borrowings	499.04	577.25	500.00
	Trade Payables	398.85	517.01	250.00
	Other Current Liabilities	0.84	2.27	1.50
	Short Term Provisions	43.13	78.40	120.97
	<b>Total (B)</b>	<b>941.86</b>	<b>1174.93</b>	<b>822.47</b>
<b>C</b>	<b>Net Working Capital (A-B)</b>	<b>372.06</b>	<b>538.45</b>	<b>840.07</b>
<b>D</b>	<b>Working Capital Gap</b>			<b>301.62</b>
	<b>Rounded Off</b>			<b>300.00</b>

#### Assumption for Working Capital Requirement:

<b>Trade Receivables</b>	We expect debtors holding days to be at 83 days for the FY 2018-19 based on current market payment terms ensuring timely recovery of dues.
<b>Trade Payables</b>	We expect creditors holding days to be at 42 days for the FY 2018-19 due to reduction in credit period to improve margins.

#### 4.) General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹[●] Lakhs towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include meeting exigencies faced, and expenses incurred, by our Company in the ordinary course of business. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilizing surplus amounts, if any

#### 5.) Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹[●] Lakhs. The Issue expenses consist of underwriting fees, selling commission, fees payable to the Lead Manager, legal counsels, Bankers to the Issue including processing fee to the SCSBs for processing ASBA Application Forms procured by the Syndicate Members and submitted to the SCSBs and Registrar to the Issue, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. The break-up for the Issue expenses is as follows:

Activity	Estimated Expenses (₹ in Lakhs)	As a % of the total estimated Issue expenses	As a % of the total Issue size
Payment to Merchant Banker including expenses towards printing, advertising, and payment to other intermediaries such as Legal Advisors, Registrars, Bankers, etc.	[●]	[●]	[●]
Regulatory Fees	[●]	[●]	[●]
Marketing and Other Expenses	[●]	[●]	[●]
<b>Total Estimated Issue Expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

*Selling commission payable to registered broker, SCSBs, RTAs, CDPs on the portion directly procured from Retail Individual Applicants and Non-Institutional Applicants, would be 0.01% on the Allotment Amount or `10 whichever less on the Applications wherein shares are allotted is.*

Our fund requirements and deployment thereof are based on the estimates of our management. These are based on current circumstances of our business and are subject to change in light of changes in external circumstances or costs or in our financial condition, business or strategy. Our management, in response to the dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options which include utilisation of our internal accruals, debt or equity financing. Our management expects that such alternate arrangements would be available to fund any such shortfall.

#### **Proposed Schedule of Implementation:**

(` in Lakhs)

Sr. No.	Particulars	Schedule Of Utilization		
		FY 2019	FY 2020	Total
1.	Part financing for expansion of production capacity by way of setting up additional manufacturing facility of nonwovens geotextiles	1871.08		<b>1871.08</b>
2.	Up-gradation of existing manufacturing facility	156.06	-	<b>156.06</b>
3.	Funding the working capital requirement of our Company	300.00	-	<b>300.00</b>
4.	General corporate purposes	-	[●]	[●]
	<b>TOTAL</b>	<b>2327.14</b>	[●]	[●]

To the extent our Company is unable to utilize any portion of the Issue Proceeds towards the Objects of the Issue, as per the estimated schedule of deployment specified above, our Company shall deploy the Issue Proceeds in the subsequent financial year towards the objects of the Issue.

#### **Details of funds already Deployed till date and Sources of Funds deployed**

The Funds deployed upto August 30, 2018 is ₹5,00,000.00 Lakhs towards Issue Expenses as certified by the Auditor of the Company, M/s S. R. Goyal & Associates, Chartered Accountants vide certificate dated August 30, 2018. The said amount has been met by the Company and the same will be adjusted against the issue proceeds

#### **Variation in Objects**

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

#### **Monitoring Utilization of Funds**

As the Net Proceeds of the Issue will be less than ₹10,000 Lakh, under the SEBI (ICDR) Regulations it is not mandatory for us to appoint a monitoring agency. The Audit committee & the Board of Directors of our Company will monitor the utilization of funds raised through this public issue. Pursuant to Regulation 32 of SEBI Listing Regulation 2015, our Company shall on half-yearly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in the Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement of funds utilized will

be certified by the Statutory Auditors of our Company. No part of the Issue Proceeds will be paid by our Company as consideration to our Promoter, our Directors, Key Management Personnel or companies promoted by the Promoter, except as may be required in the usual course of business.

### **Bridge Financing Facilities**

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

### **Monitoring of Utilisation of Funds**

Since the proceeds from the Fresh Issue does not exceed ₹10,000 Lakhs, in terms of Regulation 16 of the SEBI (ICDR) Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board will monitor the utilisation of the proceeds of the Issue. The Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 38 of SEBI (LODR) Regulations, our Company shall on a half-yearly basis disclose to the Audit Committee of the Board of Directors the uses and applications of the Issue Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee of the Board of Directors. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 38 of SEBI (LODR) Regulations, our Company shall furnish to the Stock Exchanges on a half-yearly basis, a statement including material deviations, if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee of the Board of Directors.

### **Appraising Entity**

None of the objects of the Issue for which the Net Proceeds will be utilized have been appraised.

### **Other Confirmations**

No part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, Group Companies, the Directors, associates or Key Management Personnel.

## BASIC TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions of this Draft Prospectus, Application form, Confirmation of Allocation Note (CAN), the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, Stock Exchange, RBI, ROC and/or other authorities as in force on the date of the Issue and to the extent applicable. In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations, 2009 notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that maybe executed in respect of the Equity Shares. This Issue has been authorized by the Board of Directors pursuant to a Board Resolution June 27, 2018 and by the Shareholders of our Company pursuant to a special resolution dated July 07, 2018 passed at the AGM of Shareholders under Section 62 (1)(c) of the Companies Act, 2013.

<b>Face Value</b>	:	Equity Share shall have the face value of ₹10.00 each
<b>Issue Price</b>	:	Equity Share is being issued at a price of ₹[●] each and is at [●] times of Face Value
<b>Market Lot &amp; Trading Lot</b>	:	The Market lot and Trading lot for the Equity Share is [●] and the multiple of [●], subject to a minimum allotment of [●] Equity Shares to the successful applicants.
<b>Terms of Payment</b>	:	100% of the issue price of ₹[●] each shall be payable on Application. For more details please refer “ <i>Issue Procedure</i> ” on page no 187 of this Draft Prospectus
<b>Ranking of the Equity Shares</b>	:	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see “ <i>Main Provisions of Articles of Association</i> ” on [●] of this Draft Prospectus

### Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond prescribed time after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

For further details, please refer to section titled “*Terms of the Issue*” beginning on page no 179 of this Draft Prospectus.



## BASIS FOR ISSUE PRICE

The Issue Price of ₹[●] per Equity Share has been determined by our Company, in consultation with the Lead Manager on the basis of the following qualitative and quantitative factors as described below. The face value of the Equity Share is ₹10 and Issue Price is ₹[●] per Equity Share i.e. [●] times of the face value.

### Qualitative Factors

Some of the qualitative factors, which form the basis for computing the price, are:

- 1) Track Record of the Company
- 2) Stringent quality control
- 3) Leveraging the experience of our Promoter
- 4) Experienced management team and a motivated and efficient work force
- 5) Scalable Business Model

For further details, refer sections entitled “Risk Factors”, “Our Business”, and “Financial Statements” on page no’s 13, 81 and 126, respectively, to make an informed investment decision.

### Quantitative Factors

The information presented below relating to the Company is based on the Restated Financial Statements of the Company for Financial Year 2016-17, 2015-16 & 2014-15 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### 1) Basic and Diluted Earnings per Share (EPS):

Year Ended	EPS (₹)*	EPS (adjusted for Bonus Shares)**	Weight
March 31, 2016	4.34	1.09	1
March 31, 2017	13.90	3.48	2
March 31, 2018	6.67	6.67	3
<b>Weighted Average</b>		<b>4.68</b>	

*Note:*

- (i) Basic EPS (₹) has been calculated by dividing the Net Profit as restated by Restated Weighted Average number of Equity Shares outstanding during the year.
- (ii) The face value of each Equity Share is ₹10.

#### 2) Price to Earnings (P/E) ratio in relation to Issue Price of [●] per Equity Share of face value of ₹10 each:

Particulars	P/E Ratio
Based on Basic & Diluted EPS, as restated for FY 2017-18	[●]
<b>Industry P/E*</b>	
Highest	[●]
Lowest	[●]
Industry Average	[●]

\* Source: [●]

#### 3) Return on Net worth (RoNW) for the preceding three years as per restated financial statements:

Year Ended	RoNW (%)	Weight
March 31, 2016	15.68%	1
March 31, 2017	33.43%	2
March 31, 2018	39.08%	3
<b>Weighted Average</b>	<b>33.29%</b>	

**Note:**

(i) The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year excluding miscellaneous expenditure to the extent not written off.

- 4) Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2018 is [●]

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

Particulars	Amount (₹)
Net Asset Value per Equity Share as of March 31, 2018	17.07
Net Asset Value per Equity Share after the Issue	[●]
Issue Price per equity share	[●]

\* The Face Value of the Equity Shares ₹100. However, the same has been considered as face value of ₹10 per Equity Share.

**Note:**

(i) The Face Value of the Equity Shares ₹10.

(ii) NAV per Equity Share has been calculated as Net Worth as divided by number of Equity Shares.

**6) Comparison with other listed companies/Industry peers:**

Companies	Face Value (₹)	NAV (₹)	RoNW (%)	EPS (₹) (as on March 31, 2018)	P/E Ratio
Khator Technical Textiles Limited	10.00	17.03	38.78%	6.61	[●]
Peer Group:					
Shri Jagdamba Polymers Ltd.	1.00	50.06	37.57%	18.81	12.68
Garware Technical Fibres Ltd.	10.00	244.95	19.61%	48.04	27.11
SRF Ltd.	10.00	590.29	11.75%	70.65	28.65

(Source: Audited Financial Results for the year ending March 31, 2018 as available on [www.bseindia.com](http://www.bseindia.com) and for calculating P/E ratio and Market Price as on August 31, 2018 is considered)

**Note:**

(i) The figures of Our Company are based on the restated results for the FY ended March 31, 2018.

(ii) The figures for the Peer group are based on Standalone Audited Results for the FY ended March 31, 2018.

- 7) The Company in consultation with the Lead Manager believes that the issue price of ₹[●] per Equity Share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the “Risk Factors” beginning on page no. 13 of this Draft Prospectus and Financials of the company as set out in the “Financial Statements” beginning on page no 126 of this Draft Prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is ₹10 per Equity Share and the Issue Price is [●] times of the face value i.e. ₹[●] per Equity Share.

## STATEMENT OF TAX BENEFITS

To,  
**The Board of Directors,**  
**Khator Technical Textiles Limited,**  
G-67, Modi Nagar, Ajmer Road,  
Jaipur, Rajasthan-302019

**Subject: Statement of possible tax benefits ('the Statement') available to Khator Technical Textiles Limited ("the Company") and its shareholders prepared in accordance with the requirement in Schedule VIII – Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended ('the Regulation')**

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

The benefits discussed in the enclosed Annexure cover special and general tax benefits available to the Company. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company's management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares ("the Issue") by the Company.

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

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein. This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Prospectus/ Prospectus or any other issue related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For S. R. Goyal & Co.**  
**Chartered Accountants**  
**FR No.: 001537C**

**Ajay Kumar Atolia**  
**M. No.: 077201**  
**Place: Jaipur**  
**Date: July 23, 2018**

## **ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS**

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

### **A. SPECIAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS: -**

**NIL**

### **B. OTHER GENERAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS: -**

The following tax benefits shall be available to the company and its Shareholders under Direct tax law Under the Income-Tax Act, 1961 (“the Act”):

#### **I. Benefits available to the Company:**

- **Tax Rate:**

Tax rate applicable to the company would be 25% as the turnover of the company does not exceed the prescribed limit of Rs. 250 crores in the future years.

- **Depreciation:**

As per the provisions of Section 32 of the Act, the company is eligible to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant Income Tax rules there under.

In accordance with and subject to the conditions specified in Section 32(1) (iia) of the Act, the company is entitled to an additional depreciation allowance of 20% of the cost of new machines acquired and put to use during a year.

- **Income from Long Term Capital Gain:**

As per section 112A of the Act, long term capital gains arising to the Company from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the Company upto Rs. 1 Lakh, beyond that company has to pay tax on long term capital gain at the rate of ten percent. For this purpose, “Equity Oriented Fund” means a fund – (i) Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and (ii) Which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per section 111A of the Act, short-term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge plus education cess plus secondary and higher education cess)

- **Credit for Minimum Alternate Taxes (“MAT”):**

Under Section 115JAA (2A) of the Income Tax Act, 1961, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the Income Tax Act, 1961 for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act, 1961. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

## II. Benefits available to the shareholders:

- **Dividends exempt under section 10(34) of the Act:**

As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax upto Rs. 10 lakhs, beyond that shareholder has to pay tax at rate of 10%. The Company distributing the dividend will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 10% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.

- **Capital Gains**

As per section 112A of the Act, long term capital gains arising to the Shareholder from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax would not be liable to tax in the hands of the shareholder up to Rs. 1 Lakh, beyond that company has to pay tax on long term capital gain at the rate of 10% , without providing the benefits of indexation or the benefit of computation of capital gains in foreign currency in the case of non-residents.. However, the long-term capital gain of a shareholder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax, 1961.

Under Section 111A of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the company would be taxable at a rate of 15 percent (plus applicable surcharge plus education cess plus secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Income Tax Act, 1961, would be subject to tax as calculated under the normal provisions of the Income Tax Act, 1961.

Under Section 54F of the Income Tax Act, 1961 and subject to the conditions specified therein, long term capital gains arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Note:

1. You should consult your own tax advisors concerning the Indian tax implications and consequences of purchasing, owning and disposing of equity shares in your particular situation.
2. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
3. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to 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 or intentional misconduct. We will not be liable to any other person in respect of this statement.

## SECTION V-ABOUT OUR COMPANY

### OUR INDUSTRY

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

*Investors should note that this is only a summary of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Prospectus, including the information in the sections "Risk Factors" and "Financial Information" on pages 13 and 126, respectively. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section 'Risk Factors' on page 13.*

Technical Textiles are defined as textile materials and products used primarily for their technical performance and functional properties. Unlike conventional textiles where aesthetic value is one of the key usage considerations, Technical Textiles are used on account of their specific physical and functional properties. Technical Textiles are used individually as a stand-alone product, or as a component/part of another product to improve the performance of the product. Technical Textiles are also referred to as industrial textiles, functional textiles, performance textiles, engineering textiles, and hi-tech textiles. Technical textiles are used individually or as a component/part of another product. Technical textiles are used individually to satisfy specific functions such as fire retardant fabric for uniforms of firemen and coated fabric to be used as awnings. As a component or part of another product, they are used to enhance the strength, performance or other functional properties of that product.

Technical Textiles represent a multi-disciplinary field with numerous end-use applications. Technical textiles fabrics have application in almost all major areas of economic activity: aerospace, shipping, sports, agriculture, defense, healthcare, construction, etc. Nonwovens are the key materials used for manufacturing Technical Textile products. Nonwoven fabrics are engineered fabrics that may be a limited life, single-use fabric or a very durable fabric. Nonwoven fabrics provide specific functions such as absorbency, liquid repellence, resilience, stretch, softness, strength, flame retardancy, washability, cushioning, filtering, microbial barrier, sterility, etc. These properties are often combined to create fabrics suited for specific jobs, while achieving a good balance between product use-life and cost. They can mimic the appearance, texture and strength of a woven fabric and can be as bulky as the thickest paddings. In combination with other materials they provide a spectrum of products with diverse properties, and are used alone or as components of apparel, home furnishings, health care, engineering, industrial and consumer goods.

Technical Textiles sector is one of the most innovative industries around the world, being used in almost all modern industries including automotive, healthcare, aeronautics, sports etc. The success of technical textiles is primarily due to the creativity, innovation and versatility in fibres, yarns and woven/knitted/nonwoven fabrics with applications spanning and enormous range of uses. The ability of technical textiles to combine with each other and with others to create a new functional products offer unlimited opportunity to growth. Depending on the product characteristics, functional requirements and end-user applications, the technical textile products are classified into 12 segments:

- |                  |                  |
|------------------|------------------|
| (xiii) Agrotech; | (xiv) Buildtech  |
| (xv) Clothtech   | (xvi) Geotec     |
| (xvii) Hometec   | (xviii) Indutech |
| (xix) Meditech   | (xx) Mobiltech   |
| (xxi) Oekotech   | (xxii) Packtech  |
| (xxiii) Protech  | (xxiv) Sporttech |





## Market Overview

Global market size for technical textiles is estimated at US\$ 145 billion in 2015 and is expected to grow at a CAGR of 4% and reach US\$ 170 bn. by 2020. The demand for technical textiles will be driven by the rapid industrialization, robust growth in construction & infrastructure projects, increasing automobile production, and rising demand from the health care sector.

Global technical textile imports is dominated by USA with a share of 17%. This is followed by China, Germany and UK with a share of 10%, 8% and 4%, respectively. The rest of the world accounts for 40% share in the imports of technical textiles. Emerging regions such as Asia Pacific and Latin America are presumed to witness rapid growth in multiple segments of technical textiles.

*(Source: Knowledge Paper on Advantage India: Emerging Global Manufacturing Hub for Technical Textiles)*

Technical Textiles has huge scope in India and is in fact a sun-rise sector. India accounts for 3% of the world Technical Textile production producing roughly 90,000 MT of Technical Textiles. China and Europe are the leading manufacturers accounting for over 75% of Technical Textiles, US and Europe are largest importer of Technical Textiles. India accounts for 4% of global Technical Textile exports and 3% of global Technical Textile imports. The Technical Textiles industry in India is estimated at Rs. 1,16,217 Crore in the year 2017-18. The domestic market is projected to reach Rs. 2,00,283 Crore by 2020-21 with CAGR of 20%.

*(Source: Ministry of Textiles, Government of India, Annual Report 2017-18)*

The Technical Textile market across the 12 key segments is as shown as follows:

Segment	2015-16 US \$ Bn.	CAGR 15-20	2020-21 US\$ Bn.
Agrotech	0.1	11%	0.2
Meditech	0.5	9%	0.8
Mobiletech	1.3	12%	2.3
Packtech	5.1	11%	8.4
Sportech	0.8	12%	1.5
Buildtech	0.5	13%	1
Clothtech	0.9	11%	1.6
Homotech	1.2	14%	2.4
Protech	0.4	10%	0.6
Geotech	0.03	8%	0.05
Oekotech	0.02	10%	0.04
Indutech	1.2	14%	2.4

Packtech is the segment of Technical Textiles which has a share of 43% of the entire Technical Textile market. Homotech, Clothtech, Mobiltech and Indutech are the other key segments of Technical Textiles with each segment accounting between 8% and 10% of total market. In addition to these the other segments which includes Agrotech, Meditech, Protech, Sportech, Geotech, Oekotech and Buildtech are in their growing phase and are expected to be the key drivers in the future.

### New Technical Textile products

New Technical Textile products have been segregated from traditional products based on the parameters such as

- Current usage level and prospects for growth in future
- New Technical Textile products that have emerged in last 2 years
- Technical Textile products where the consumption market is expected to have a significant growth prospect in near future
- Technical Textile products that have seen high level of value addition in recent past.
- Technical Textiles, where Government policies would significantly impact the market demand in a positive manner.

### Export Market Overview

Currently, India's technical textile industry is based on producing commodity products that are not very R&D intensive (i.e. tarpaulins), and therefore unlike conventional textiles, technical textiles is an import intensive industry. Many products, like disposable diapers, wipes, protective clothing, fabric for disposables and webbings, are imported to a large extent.

The Indian government, in a response to capture this market, has pushed to shift the focus from the production of conventional textiles to technical textiles. It has developed a number of policies that are aimed to promote the development of the domestic technical textile sector. These programs have been vital to the rapid growth of the domestic technical textile industry, including:

- Reduction in customs duties placed on imported technical textile machinery
- Investment promotion programs to assist companies that are developing and manufacturing technical textiles
- Market development support for both the domestic and international markets.
- An exemption in custom duties for raw materials used in the manufacturing of technical textiles
- Strengthening of standards for technical textiles
- Introduction of a program to promote the use of agro-textiles in the northeast region of India
- The introduction of the restructured technology upgrade fund

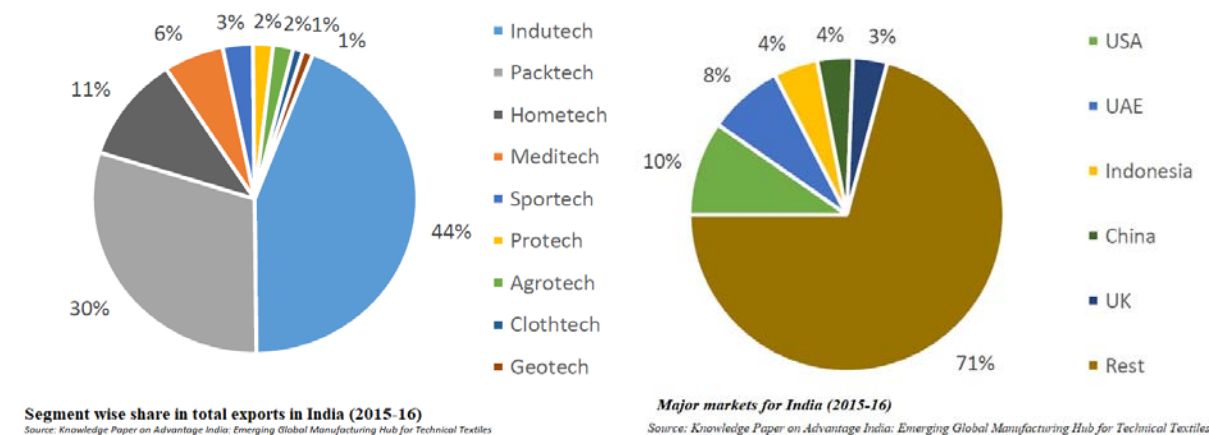
Due to the commitment the Indian government has placed on the development and production of technical textiles, the Ministry of Textiles has also established eight Centers of Excellence (CoE) and has authorized the

construction of integrated Textile Parks.

The domestic technical textile industry currently lacks the ability to domestically fulfill the rising demand for technical textiles. Currently, 12 percent of the technical textile products are manufactured by non-woven technology in India, as compared to 24 percent in the rest of the world. Therefore, India's technical textile Industry has a long way to go in order to be globally competitive in the technical textile sector.<sup>12</sup>

(Source: [https://www.trade.gov/topmarkets/pdf/Textiles\\_India.pdf](https://www.trade.gov/topmarkets/pdf/Textiles_India.pdf))

Largest export markets include USA, UAE, Indonesia, China and UK



## India Advantage as Growing Manufacturing Hub

Indian technical textile industry is in its nascent phase and accounts for around 5% of the world technical textile production. However, over the last decade, this industry has shown high growth with its domestic market growing in double digits i.e. 12% and exports growing at an even higher rate of 16%.

The continuous growth of the industry indicates a growing acceptance of technical textiles in India. This growth when coupled with India's inherent strengths as a manufacturing destination gives the advantage to Indian technical textile industry in becoming a global hub for manufacturing. Given below are some of the key elements of India's advantage in technical textile manufacturing:

- Raw material:** India enjoys a competitive position in terms of abundant availability of textile raw material, natural as well as manmade. India is the largest producer of Cotton, 2nd largest producer of Polyester and Silk, 3rd largest Viscose producer, 4th largest Acrylic and Nylon producer in the world. Technical textile products primarily require synthetic & specialized fibres for manufacturing. Currently, India has developed good capabilities in manufacturing basic synthetic fibres and yarn, although supply of specialized fibres is not at the requisite level. However, with growing consumption and manufacturing of technical textiles, India will further develop large capacity for manufacturing these fibres in the coming time.
- Manpower Availability and Cost:** India benefits from a large pool of skilled workers at comparatively low wage rates compared with Asian countries, USA and EU. The fact that many segments of technical textiles require labour at competitive require a lot of manual labour in form of stitching and weaving, relatively cheap labour acts as a substantial benefit over other countries.

Cost Element	Unit	China	India	B'desh	Vietnam	USA	Germany
Labour Cost	US \$/ Month	550-600	140-10	100	180	3,500	5,100

- c. **Power Cost and Lending Rates:** Cost of power in India is better than countries like China & Germany (2<sup>nd</sup> and 3<sup>rd</sup> largest manufacturer of technical textiles in the world) and is also comparable to countries like Bangladesh & Vietnam. Currently, various state governments in India are also giving power subsidy as an investment incentive which will further reduce the cost of power.

Overall lending rates in India are on the higher side in India, but many state governments in India provide interest subsidy on capital investment in the range of 5-7% thus bringing down the effective rate of interest to around 6% which is comparable to other competing nations.

Cost Element	Unit	China	India	B'desh	Vietnam	USA	Germany
Power Cost	US cents/ kwh	15-16	10-12	9-12	8	5	16
Lending Rates	%	5-6%	10-10.5%	13%	6-7%	4.25%	2.5%

- d. **Infrastructure Availability:** India's technical textile sector is primarily SME-oriented, with manufacturing majorly concentrated in the states of Maharashtra, Gujarat, Tamil Nadu, Karnataka, and Punjab. Ministry of Textiles has supported the establishment of 8 Centres of Excellences (COEs) that focus on various segments of technical textiles. These COEs act as one-stop centres for various services relevant to technical textile industries, including:

- Facilities for testing and evaluating technical textiles products of identified segments in collaboration with national and international accreditations and collaborations with foreign institutes and laboratories
- Research and development facilities
- Resource centres with I.T. infrastructure
- Facilities for indigenous development of prototypes
- Facilities for training personnel in the technical textile industry
- Knowledge sharing with stakeholders
- Incubation centre facilities
- Identification and drafting of product and process standards for ensuring quality that is globally accepted

The COEs thus play a significant role in enabling Indian industries to realize their potential in addressing demand and scaling attractive opportunities in each of the 12 technical textiles sub-segments.

- e. **Government initiatives:** Technical textiles is a focus sector for the Indian government. The government has taken several steps to promote the usage of technical textile in the country such as use of non-woven bags for packaging purposes, mandatory use of seatbelts in automobiles, announcement of mandatory use of airbags also in cars from 2018 etc.

Government has also put in place several policies to help develop a comprehensive manufacturing base for high value technical textiles in India. For e.g.:

- Amended Technological Up Gradation Fund Scheme (ATUFS)
- Export Promotion of Capital Goods (EPCG)
- Benefits under Special Economic Zone (SEZ) and Scheme for Integrated Textile Parks (SITP)
- Scheme for promoting usage of Agro-textiles in North East Region
- Scheme for promoting usage of Geotechnical textiles in North East Region

These initiatives & policy interventions taken by government will drive consumption of technical textiles in the country which in turn will boost the manufacturing sector.

## Growth Drivers

### a. Increasing role of technology

Technology plays a major role in development of technical textile products. Several products have been impacted by use of new technology. Some examples of technology include thermoforming, 3D weaving, and 3D

knitting, which are being highly used in manufacturing technical textiles. Thermoforming in textiles is a heat treatment process that is used to shape composites containing fabric layers into various shapes. This technology is widely adopted in the Indutech, Mobiltech, Packtech, and Hometech segments. 3D weaving is a weaving process used for manufacturing products such as spacer fabrics, geotextiles, surgical implants, webbings, conveyor belts and more. 3D technology is used to manufacture complete garments with minimal or no cutting. This innovative technology eliminates post labor work, thus saving production time and cost. In addition, this technology offers knitwear consumers more comfort and better fit by eliminating seams. The heat-set method is a thermal process carried out either in a moist or dry heat environment. Finishing treatments are used in the final production stages. Newer technologies such as nanotechnology is expected to witness wide acceptance over the coming years and offers ample scope for growth.

#### **b. Regulatory support**

Several countries in the world have made usage of technical textile products mandatory for personal and property safety like usage of fire retardant fabric at public places, usage of protective work wear in hazardous industries, installation of airbags in automobiles, use of geosynthetics in infrastructure development projects, etc. This will continue to provide regulatory driven stability to demand patterns in the market.

#### **c. Buyer/ Application trends**

Technical textiles have brought about that change where unconventional textile products are being used to enhance the efficiency and sustainability of conventional products. Growths of end user industry in some specific segments are also driving the usage of technical textiles globally. Some of the examples include the below:

- **Mobiltech:** Mobiltech was the leading application segment and accounted for 22% of total market in 2015. The automotive industry is strong in many Asian countries such as China, Japan, India, Korea, Thailand and Taiwan. Growing demand for high performance materials from automotive industry is expected to remain a key driving factor for this segment over the coming years.
- **Meditech:** Increasing infrastructure spending especially in the developing regions such as Asia Pacific and Central & South America owing to government initiatives is presumed to be a major regional driver. Growing population, increasing access to medical treatment is estimated to drive the medical & pharmaceutical industry, which in turn is expected to aid the Meditech segment.
- **Protective Textile:** North America accounts for over half of the total market of Protech. Stringent regulatory guidelines coupled with high level of safety awareness in the industry are expected to drive the growth over the coming years.

*(Source: Knowledge Paper on Advantage India: Emerging Global Manufacturing Hub for Technical Textiles)*

### **Raw Material Availability**

Key Raw material required for Technical Textile industry is mostly fibre. India is one of the leading producers of both natural and man-made fibres in the world. Easy availability of fibres at a cheaper rate has been a major factor behind the success of Indian textile as well as Technical Textile industry. The major fibres used in Technical Textile industry have been discussed as follows:

**Natural Fibres:** The key Natural fibres used in Technical Textile industry are Cotton, Jute, Silk and Coir.

#### **Man-Made Fibres:**

Manmade fibres (MMF) and Man Made filament yarns (MMFY) account for around 40% share of the total fibre consumption in the textile industry as a whole. These fibres form a key raw material for the Technical Textile industry especially because of their tailor made properties. The key manmade fibres/filaments and polymers used as raw material in Technical Textile industry is:

- Manmade fibres/filaments
- Viscose
- Polyester
- Nylon
- Acrylic/Mod-acrylic
- Polypropylene
- Polymers - HDPE, LLDPE, LDPE & PVC

## Government policies and schemes

The Government of India has extended a host of policies and incentives to the technical textile industry to encourage growth in the sector. These incentives are provided by Central Government as well as by some progressive states anchoring the textile sector.

### A. Scheme for usage of agro textiles in North Eastern Region (Fund allocation – US\$ 10 million (INR 55 Crs))

The aim is to utilize Agrotexiles in improving the horticulture and floricultural produce of the NE states. With increasing acceptability of Agrotexiles, entrepreneurship in the area of agrotexiles production in the country will get an impetus. The growth of usage of Agrotextile products in the country will thus benefit both agriculturists as well as textile entrepreneurs in the country.

#### Main components of the scheme:

It is proposed that in the project period (5 years), Agrotexiles will be utilized to improve the horticulture and floricultural produce of the Northeast states by providing technological and financial support for establishing the demonstration centres and disburse Agrotextile-Kit with overall fund outlay of US\$ 10 million.

The proposed scheme's project targets will be with respect to following two components:

1. Creating awareness, setting –up of Demonstration Centre and developing capacities
2. Provide/disburse Agrotextile-Kit in the NER states

#### Target and expected outcomes:

- Increased consumption of Agrotextile products in the country and boosting Agrotexiles production and investment synergies
- Improved yield of horticulture and floriculture produce from the North- East region of the country in terms of Quantity as well as Quality of produce
- Awareness on use of quality certified agrotextile products in the country
- Demonstration centers depicting the benefit of usage of Agrotextile products suitable for the region
- Study on the performance of various types of agrotexiles laboratory tests and simulation modeling for their influence on control of environmental factors like soil, temperature, heat and light and also the plant growth
- Cost-benefit analysis to the cultivators on usage of these products and develop Capacities amongst the State Governments and other agriculture agencies

### B. Technology Mission On Technical Textiles (TMTT):

Improvement of basic infrastructure in terms of testing facilities, lack of market development support, skilled manpower, R&D, improved regulatory measures, preparation of specifications and standards for technical textiles, etc.

#### Main components of the scheme:

To attain the desired aim, Government has launched TMTT with two mini-missions for a period of five years (from 2010-11 to 2014-15) with a fund outlay of US\$ 36.36 million, as under:

#### I. Mini Mission-I (Financial outlay INR156 crore)

- Upgrade of existing four COEs: The existing COEs will be upgraded in line with new COEs, i.e. with incremental facilities like incubation centres and development of prototypes and provision for appointment of consultants. (Fund allocation US\$ 10.18 million)
- Setting up of four new COEs in Composites, Non-Wovens, Indutech and Sportech (Fund allocation US\$ 18.18 million)

#### II. Mini Mission-II (Financial outlay INR44 crore)

- Support for Business Start Up (Fund allocation US\$ 0.55 million)
- Fund support for organizing workshops/ seminar (Fund allocation US\$ 0.91 million)
- Support for Contract Research (Fund allocation US\$ 2.00 million)



- Market development support for sale to the institutional buyers (Fund allocation US\$ 2.73 million)
- Identification of regulations required for promotion of technical textiles (Fund allocation US\$ 0.91 million)
- Support for domestic & export market development of technical textiles (Fund allocation US\$ 0.91 million)

#### **Target and expected outcomes:**

##### **I. Mini-Mission I:**

- Setting up of 4 COEs in the field of Non-woven, Composites, Indutech & Sportech
- Upgradation of existing 4 COEs covered under SGDTT

##### **II. Mini-Mission II:**

- 30 business start-up projects
- 52 workshops to sensitise stakeholders
- Social compliance through standardization regulatory measures: in segments, viz. Geotech, Agrotech, Meditech, Protech
- Market development support through 30 buyer seller meetings
- 50 units to be assisted under Market development support for export sales
- Fund support for 20 contract research projects

#### **Performance of the scheme under 11<sup>th</sup> Five Year Plan**

- 4 Centres of Excellence (COEs) for Non-Wovens, Indutech; Composites and Sportech were established
- 4 COEs for Geotech, Agrotech, Protech and Meditech were upgraded as a one stop shop for Technical Textiles
- More than 24 awareness programs have been organized in association FICCI, CII, ICC, COEs, ROs etc
- More than 10 buyer seller meets (BSM) have been organized
- More than 26 companies have received approval from Office of Textile Commissioner under Market development Support for export sales
- 9 proposals have been registered with Office of Textile Commissioner under Contract Research component, which are under screening and evaluation
- 5 consultants have been empanelled to provide business start-up support to the industry

#### **C. Technology Upgradation Fund Scheme (TUFS)**

All technical textile machinery is covered under the Technology Upgradation Fund Scheme (TUFS). In the modified TUFS applicable from 01-04-2007, specified technical textile machinery has been provided with additional benefit in terms of 10% capital subsidy in addition to 5% interest reimbursement.

#### **D. Concessional custom duty for specific Technical Textile Machinery**

Major machinery required for technical textiles has been placed in the concessional custom duty list of 5% of list 46, Notification No. 21/2002-CUS of Customs Tariff.

#### **E. Focus Product Scheme (FPS) for Technical Textiles**

The objective of this scheme is to incentivize export of products that have high export intensity or employment potential in order to offset infrastructure inefficiencies and other associated costs involved in marketing these products. Exports of notified products to all countries (including SEZ units) shall be entitled for Duty Credit scrip equivalent to 2 % of FOB value of exports (in free foreign exchange).

As per DGFT's Policy Circular No. 42 (RE-2010)/2009-14 dated 21 October 2011, there are 33 Technical textile products that are allowed for FPS benefits under this scheme. The details of technical textile products covered under the scheme are given at Annexure – I.

#### **F. Other Government initiatives**

- Under the Scheme for Integrated Textile Parks (SITP), the Government provides assistance for creation of infrastructure in the parks to the extent of 40% limited to US\$ 8.82 million.

- b) Under Integrated Skill Development Scheme (ISDS), it is proposed to train 22,000 personnel in technical textile sector during the year 2010-11 & 2011-12.
- c) FDI is permitted through automatic route without any limit on the extent of foreign ownership for in-bound investments in the textile sector. Thus, there is no restriction on any amount of FDI, with or without local partners. Government incentives are equally applicable to FDI units.

*(Source: Office of the Textile Commissioner, Government of India <http://www.technicaltextile.gov.in/government-policies.html> )*

Overall India is poised for growth in technical textile consumption along with overall growth of the economy and modernization of the country. India's manufacturing competitiveness is also improving and the technical textile manufacturing industry needs to further gear up for tapping the huge domestic and global opportunities. With the appropriate measures, the industry has potential to emerge as global hub for technical textile manufacturing in the coming years.

## OUR BUSINESS

*Some of the information contained in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled “Forward-Looking Statements” beginning on page 12 of this Draft Prospectus, for a discussion of the risks and uncertainties related to those statements and also the section “Risk Factors” beginning on page 13 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve-month period ended March 31 of that year.*

The financial information used in this section, unless otherwise stated, is derived from our Financial Information, as restated prepared in accordance with Indian GAAP, Companies Act and SEBI Regulations. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Information” beginning on pages 13 and 126, respectively.

### OVERVIEW

Our Company was incorporated as Khator Technical Textile Private Limited on 1<sup>st</sup> April 2013 under the provisions of Companies Act, 1956 in the State of Rajasthan. Subsequently, our Company was converted into a Public Limited Company and the name was changed to “Khator Technical Textile Limited” vide fresh Certificate of Incorporation dated 26<sup>th</sup> June, 2018 issued by the Registrar of Companies, Rajasthan. The Corporate Identification Number of Our Company is U17290RJ2013PLC041963.

Our Company manufactures high quality Needle punched Nonwoven Geotextile with the most sophisticated equipment and processes having a wide range of applications in various industries such as automobile, geotextile, filtration, upholstery, etc. Nonwoven Geotextile are manufactured using the 'dry-laid needle-punch' technology with thermal treatments like IR bonding, and calendaring to meet specific requirements.

Our products have the best functional properties and technical performance for numerous end-use applications across multi-disciplinary segments. Our plant has capacity to manufacture fabrics of 6-meter width ranging from 90 GSM to 1200 GSM.

Our Company is recognized as “One Star Export House” by Directorate General of Foreign Trade and holds valid certificate for the same. Our Company confirms to ISO 9001:2015 quality management system certification. Our products have also been CE accredited by BTTG, UK.

Our fully automated and technologically advanced manufacturing plant is located at Survey No. 166/3 & 4, Village Naroli, Silvassa, Dadra and Nagar Haveli, India admeasuring 2672.70 square meters which is owned by us.

In a mere span of 5 years, we have supplied our Geotextiles in more than 15 countries with successfully completing all the approvals and third party tests. Our geographically diversified customer base, inter alia, includes supplies to our customers based in Maldives, United Kingdom, Colombia, Japan, Saudi Arabia, Australia, Sri Lanka, Malaysia, Kuwait, Dubai, Thailand, Qatar, etc. Domestically, we have catered to various infrastructure projects including projects of Ministry of Road Transport and Highway, National Highway Authority of India, Bharat Heavy Electricals Limited, Jawaharlal Nehru Port Trust and Public Works Department. We believe that the long-standing relationships that we enjoy with our customers are a catalyst for our continued growth and success.


Our Company is promoted by Mr. Amit Kailash Khator and Mrs. Jasoda Kailash Khator and is a part of the Khator Group. The Khator Group has created its mark in Shirting and Uniform segment of the Textile Industry. From the beginning of trading in textiles, the group now operates multiple production facilities in Kalyan (Maharashtra), Silvassa (Dadra & Nagar Haveli) and Abu Road (Rajasthan).

For FY 2017-18, as per Restated Financial Statements, our total revenue and EBITDA were Rs. 2701.00 Lakhs and Rs. 587.23 Lakhs respectively. Our total revenue has grown at a CAGR of 23.55% from Rs. 1159.26 Lakhs in FY 2014-15 to Rs. 2701.00 Lakhs in FY 2017-18.

Geographical Sales for the FY 2017-18:



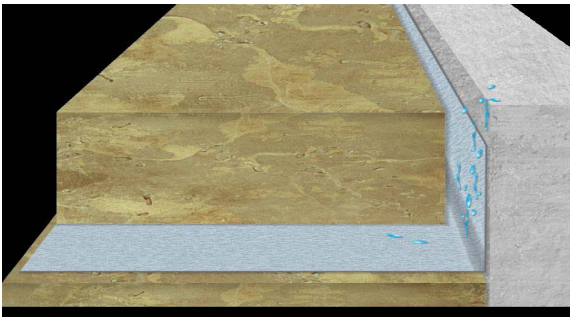
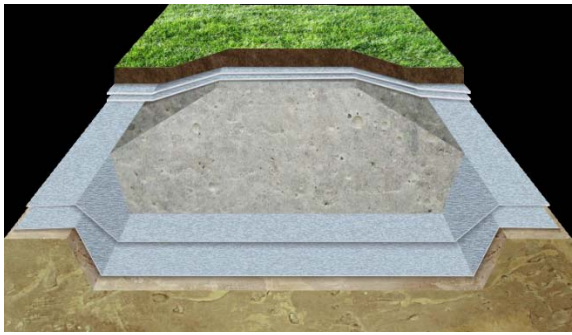
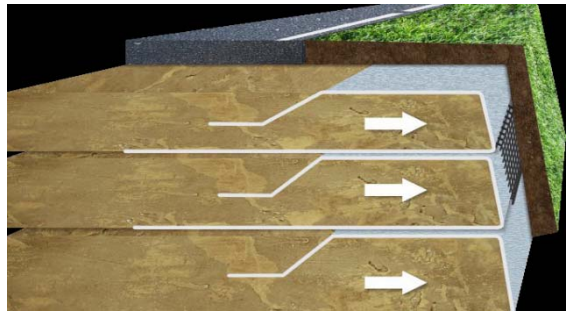
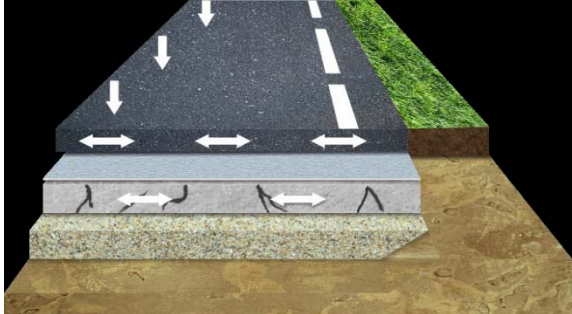
Particulars	Amount (In Lakhs)	% to Revenue
<b>Domestic</b>	<b>982.12</b>	<b>38.01 %</b>
<b>Exports</b>	<b>1601.71</b>	<b>61.99 %</b>
Gulf Countries	1003.83	38.85
Asia	456.18	17.65
South America	68.17	2.64
Europe	73.60	2.85

#### OUR PRODUCT:

<b>Product Name</b>	<b>Needlepunched Nonwoven Geotextiles</b> 
<b>Description</b>	<p>Needlepunched Nonwovens are created by mechanically orienting and interlocking the fibers of a carded web. This mechanical interlocking is achieved with thousands of barbed felting needles repeatedly passing into and out of the web with the help of a needle loom. It is a kind of dry non-woven, nonwoven fabrics of acupuncture is the use of the needle puncture effect, fluffy fiber net reinforcement into cloth. Our current manufacturing facility has capacity to manufacture 6 meters wide Nonwovens ranging from 90 GSM to 1200 GSM.</p> <p>Depending upon the customer's requirement, the final roll width can be customized with the online cutters, which can cut the rolls to the desired width simultaneously with the production, the length of the fabric on the paper tube can be customized too as per the customer's requirement.</p>

In addition to Needlepunched Nonwoven Geotextile, which is manufactured by our Company, our Company is also engaged in trading of Woven Geotextiles, GeoDrains and GeoBags. During FY 2017-18, revenue from trading activity is Rs. 56.95 Lakhs.

## FUNCTIONAL PROPERTIES

<p><b>Separation</b></p>  <p>Geotextile is permeable to water but prevents the mixing of aggregate and soil when laid as a separator between the sub soil and aggregates. It also enhances the strength, durability, and structural integrity of the structure.</p>	<p><b>Filtration</b></p>  <p>The purpose of geotextiles with reference to filtration is simply to retain soil while allowing the passage of water. As a result, the water pressure is reduced and load-bearing capacity of the structure is enhanced.</p>
<p><b>Drainage/Transmissivity</b></p>  <p>The purpose of geotextiles in stress reduction function is to drain off excess water in soil, over the lateral plane of fabric resulting in higher CBR of soil.</p>	<p><b>Protection</b></p>  <p>Lining is used for cushioning and protection of membrane used for applications such as land fill and waste containment from puncture or training by sharp stone or stress.</p>
<p><b>Reinforcement</b></p>  <p>The purpose of geotextiles in the reinforcement function is to reinforce the weak sub-grade or subsoil. It helps to strengthen the soil surface and to increase the soils ability to stay put especially on the slopes.</p>	<p><b>Stress Reduction</b></p>  <p>The purpose of geotextiles in stress reduction function is to restrict movement of different road layers and prevent reflective cracking.</p>



## APPLICATIONS

<p><b>ROAD CONSTRUCTION PROJECTS</b> (Roads, Express-ways, Air strips, Runways)</p> <ul style="list-style-type: none"> <li>Improves pavement performance</li> <li>Retains thickness of layers during repairs</li> <li>Restricts capillary function and prevents erosion of the base</li> </ul> 	<p><b>WATER-RELATED PROJECTS</b> (Conservation, Groundwater Replenishment)</p> <ul style="list-style-type: none"> <li>Cost-effective and effective products for subsurface drainage</li> <li>Preserves the integrity and filtration functions of the aggregate drainage</li> </ul> 
<p><b>RAIL CONSTRUCTION PROJECTS</b></p> <ul style="list-style-type: none"> <li>Prevents the ballast and the soil from mixing</li> <li>Absorbs dynamic loads and allows movement of trains at higher speeds</li> <li>Helps to retain the structural strength, alignment, and reduce friction of the tracks</li> </ul> 	<p><b>FLOOD MANAGEMENT PROJECTS</b></p> <ul style="list-style-type: none"> <li>Geobags (Nonwoven bags filled with sand) channelise flood water</li> <li>Prevents soil erosion</li> <li>Cost-effective and more sustainable</li> </ul> 
<p><b>LAND-RELATED PROJECTS</b> (Coastal protection, Landslide protection)</p> <ul style="list-style-type: none"> <li>Prevents soil erosion</li> <li>Makes coastal embankments stronger and more stable</li> </ul> 	<p><b>WASTE MANAGEMENT SYSTEM</b> (Waste containment, Landfills)</p> <ul style="list-style-type: none"> <li>Acts as a filter to aggregate drainage layers</li> <li>Helps in gas ventilation</li> <li>Helps protect Geomembranes from puncture</li> </ul> 



## MANUFACTURING PROCESS



The manufacturing process is fully automated, PLC controlled and the parameters can be monitored and changed as per the desired setting remotely. The major steps include:

### 1. Bale Opener



In this, fibres are manually fed and fiber mix percentage is decided, after which all the other processes take place continuously. The bale opener is equipped with the load sensors which directly control infeed to the line. The bale opener is specifically designed to process the fibres used in geotextile manufacturing and have a capability to process various types of fibres.

### 2. Pre Opener



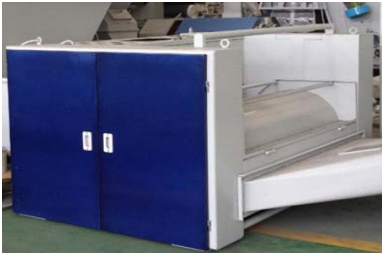
The machine is suitable to open the fibre and also perform ancillary functions including cleaning the fiber and removing the impurities. Anti-static oil is added by hand to make it more soft and smooth, clearing away or reducing the static electricity to pave the way for the late process of carding. The fibre passes through various toothed rollers to give the optimum opening.

### 3. Blender



The machine is used to mix fully and store the pre-opened fiber for next working procedure, to ensure smooth production. The blender has a capacity to store almost 1 tonne of material in open form, this helps in saving the downtime whilst there is a change in the production quality, it also acts as a homogenous blender, wherein it blends the fibres perfectly in cases where two different types of fibres are used.

#### 4. Main Opener



The machine is suitable to further open the fiber delivered over by blender, which will be transferred for next working procedure by suction duct. The suction duct is also fitted with the magnetic strip to filter out any unwanted metallic particles from the now fully opened fibre tuft. The main opener is the last preparatory machine, before the fibre tuft enters the carding machine, and hence its of critical importance as it may have impact on the final product. The main opener also has gravity traps to trap any foreign materials like wood chips or plastic waste.

#### 5. Carding Machine



Carding machine is the most critical machine, determining the quality of the final product. We have one of the most modern carding machines, with double doffer and double cylinder arrangement. This machine is specifically designed to make 2.5 mtrs of felt with capabilities to make 90 gsm to 1200 gsm of nonwoven. The carding machine has the capacity to process upto 500 Kgs/ hr, and with the latest design and innovative use of double doffer, we are able to make a highly uniform felt with as low as required for 90 gsm nonwoven. Post the processing of the carding machine, the carded felt is now needed to the crosslapper machine

#### 6. Cross Lapper Machine



We are equipped with one of widest cross lapper machine, enabling us to make fabrics as wide as 6 meters. The layers in the cross lapper can be adjusted according to the final gsm and properties required in the fabric. The cross lapper is customs designed, with carbon rollers and servo motors; thereby enabling us to achieve the speeds highest in the industry, and hence achieving higher productivity. The unique design of the crosslapper to run at higher speeds with profiling of the layered felt enable us to make a highly uniform nonwoven having gsm deviation less than 2% across the width. The layered felt from cross lapper is then fed to the Pre-Needle loom through the drafter rollers.

#### 7. Web Drafter



This web draft is part of a nonwoven production line and is between the lapper and needle to draft the multilayers of web and reach required specification. The drafting arrangement helps in uniforming the fabric properties across and along the width of the fabric (machine direction and cross direction). This helps in achieving more uniform fabric properties.

#### 8. Pre Needle Loom



The Pre needling bonds the fiber at the initial stage, giving the fabric some structure. This needling process is fitted with the top needle boards, with density of 2500-3000 needles and the initial level of bonding between the different layers of felt happens at this stage.

## 9. Felt Drafter

The felt drafter primarily performs the same function as the web drafter, however now in case of felt drafter, the fibres are more aligned and hence an arrangement of 5 rolls drafting is sufficient to distribute the properties in both the machine direction and cross direction. The felt drafter helps in achieving a more uniform and better performing geotextile by ensuring the properties of the fabric are distributed evenly in both the directions. The average physical properties of the fabric are enhanced post the procedure.

## 10. Two Finisher Needle Loom



The fabric is then feed to a series of two finisher needle looms, after passing through the web drafter arrangement. The finisher needle looms is high density high speed both UP and DOWN needle looms. The finisher loom will bond the fiber in the nonwoven felt, giving the desired strength and stability to the fabric. The needles in the needle loom are in the random arrangement, ensuring bonding across the width even in the higher gram mages fabric. The needle looms have maximum working speed of 1400 strokes/ min

## 11. Stenter and Calendar Machine

The fabric post the needle looms is mechanically bonded and the felt is converted into nonwoven geotextiles. However, other than mechanical bonding we also have inline thermal bonding with the dual heating arrangement. We are equipped with one of kind of stenter frame for nonwoven providing radiation heating with positive control on the width shrinkage of the fabric. We also have two oil filled heat rolls for calendaring arrangement where the fabric is heat treated through conduction. These process change the critical properties of the fabric like the tensile and the water properties. Hence this is one of the most critical processes, and we having the flexibility of usage between the Stenter and Calendar machine help us in designing products that are able to fulfil our customer's requirement diligently. Heat treatment imparts higher dimensional stability and strength to the fabric. It is especially critical in case of lower gsm PP fabric

## 12. Accumulator

Post the heating arrangement we have accumulator which can store the fabric up to 15 meters which is important while doffing the roll, to maintain the line speed and avoid shrinkage in the calendaring machine.

## 12. Winder



After the accumulator we have the screen for inspecting the line and the automatic winder and cutter arrangement. We have the most modern winder and cuter arrangement making the rolls flush with the exact dimension and cutting the rolls to the desired length automatically

## 13. Packaging

We also have a packaging machine to stretch wrap the fabric rolls effectively. The rolls are packed to the highest of international standards in the desired LDPE film which helps the effective storage of the material at the construction site. Each roll has a label stating product style. The labels are fixed inside of paper tube and at both the edges on roll for proper identification.

## 14. Storage and Shipping

Material is stored in designated areas for easy identification and retrieval. Storage of rolls should confirm to standard safety norms and also ensure that there is no damage to rolls. The labels shall be verified against dispatch instructions. Handling and loading shall be carried out strictly in accordance with standard procedures to avoid any damage to the roll, wrapping and labels. Safety of loading personnel should be treated as of paramount importance. Material testing certificate should be furnished for each lot of material shipped.

## **PROPOSED FACILITY: EXPANSION OF MANUFACTURING FACILITY**

Our Company in its fifth year in Geo-Textiles has managed to become one of the successful Companies in the Geo-Textile industry. We have managed to explore a huge arrays' of market in terms of both the location and end use. The successful efforts of management has resulted in sales setup in more than 15 countries, with the most reputed Companies to partner with in the international market. We have managed to secure a huge market share in the territories currently explored, however we are limited with the current capacity to market the product and hence cannot increase our reach in terms of newer market and application. Hence, it has become imperative to increase the production capacity at the earliest to explore the hidden potential in the industry and to also satisfy and retain the current customer base. Hence, we plan to expand the production capacity by installing similar line of 3 meters manufacturing nonwoven geotextiles. Considering the technological advancement in the past 5 years and the R&D invested in the machinery the new line is expected to have the better production capacity and range. We are targeting an addition in the production capacity by 350 tons per month to the current capacity of 200 tons per month. The newer line for nonwovens will not only be performing at a better speed but also catering a wider GSM range, thus helping us to explore a wider market range. For further details, please refer to the chapter titled '*Object of the Issue*' beginning on page 58 of this Draft Prospectus.

## **OUR COMPETITIVE STRENGTHS**

### **Strong Technological Capabilities: -**

We are one of the latest manufacturers of specialty technical textiles with most sophisticated equipment and process in India. Our fully automated manufacturing plant manufactures high quality needle punched nonwoven geotextile using the 'dry-laid needle-punch' technology with thermal treatments like IR bonding, and calendaring to meet specific requirements.

### **Location Advantage: -**

The manufacturing facility of our Company is located in the Industrial town, Silvassa, Dadra & Nagar Haveli. The manufacturing facility is connected to major cities in India via road network and is closer to Mumbai Port which allows us easy and timely delivery of exports. All resources like labour, power, raw material and transportation are extensively available due to extensive industrialization in the area. Utilising these benefits we are working towards supplying better products value & taking utmost care to deliver satisfaction to end users.

### **Qualified and well experienced team: -**

Our Directors and Key Managerial Persons are highly qualified and rich in industrial experience and have embodied our core values and breathe life into our core purpose. Individually they are dynamic, creative, inspiring and compassionate; collectively their strength of focus breeds our working environment that is nurturing yet disciplined, progressive yet grounded. Our quality department is highly sophisticated and our mechanical and operational team has international work exposure and are also trained in trouble shooting at various critical stages.

### **Wide Customer base: -**

We have done extensive marketing with participation in various trade shows and market tours to explore the uncharted market. Due to these relentless efforts were able to make our strong foot hold in sales in more than 15 countries. We are offering geotextiles that are used in various end use applications for various different industries, ranging from road construction to landscaping and water proofing. This basket of diversified customer base has ensured that we are able to maintain a constant demand throughout the year.

### **Products developed for various end use applications: -**

We have developed and customized our product as per industry requirements with the variation of needle punched nonwoven geotextiles for various applications such as road works, civil construction, ground system, drainage/ filtration, waste management, water related projects, etc. Our full range of service including development assistance, custom designing, product and application guidance, have given a unique proposition and advantage to the company.



## OUR STRATEGIES

Our strategic objective is to improve and consolidate our position as a global leader of technical textile with quality innovation, trustworthiness and technological prowess woven as intrinsic brand value. Our continuous growth philosophy is being driven with the strategic levers of operational excellence, strengthening existing services, customer satisfaction, ecosystem development, innovation and marketing.

### Further widening of our customer base

With the growing opportunities available in the market, we will endeavor to continue to grow our business by adding new customers in existing and new geographies and also new market segments & products. We are also making efforts and diagnosing the domestic markets for our own brand product.

### Reduction of operational costs and achieving efficiency

Apart from expanding business and revenues we have to look for areas to reduce costs and achieve efficiencies in order to remain a cost competitive company. We focus on power reduction by use of latest technology and modification in production process. Wages control is another tool where we are using latest technology in machineries and automated the production process, thus resulting in reduced man power requirement.

### To build-up a professional organization

We believe in transparency, commitment and coordination in our work, with our suppliers, customers, government authorities, banks etc. We have a blend of the experience and the sufficient staff for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business.

### Focus on cordial relationship with our Suppliers, Customer and employees

We believe that developing and maintaining long term sustainable relationships with our suppliers, customers and employees will help us in achieving the organizational goals, increasing sales and entering into new markets.

### Optimal Utilization of Resources

Our Company constantly endeavors to improve our production process, skill up-gradation of workers, modernization of machineries to optimize the utilization of resources. We analyze our existing material procurement policy and engineering processes to identify the areas of bottlenecks and take corrective measure wherever possible. This helps us in improving efficiency and putting resources to optimal use.

### Adding Products to the Geosynthetics basket

Our Company's vision is to become one of the largest companies in the Geosynthetic segment and hence we have already started in developing certain niche geosynthetic composites, using our geotextiles. These products combine the strengths of two different products bundled in one, and thereby giving the product edge compared to the already available product in the industries. Such innovation will help us on exploring better high margin markets.

## SWOT ANALYSIS

Strengths	Opportunities
<ul style="list-style-type: none"> <li>➤ Experienced team</li> <li>➤ Strong and diverse raw material base.</li> <li>➤ Customization in products.</li> <li>➤ Globally competitive industry.</li> <li>➤ 6m wider fabric with GSM range from 90-1200</li> <li>➤ Closer to Mumbai port and connectivity from road to all major cities in India</li> <li>➤ Acceptance and Approvals of the material in the various International Projects</li> </ul>	<ul style="list-style-type: none"> <li>➤ Competitive alternative for costlier competition</li> <li>➤ Large, potential domestic and international market.</li> <li>➤ Heavy Import duty cost.</li> <li>➤ Global export facility.</li> <li>➤ Market development in geotextiles.</li> <li>➤ Growing International presence &amp; acceptance.</li> </ul>
Weaknesses	Threats
<ul style="list-style-type: none"> <li>➤ Capability for executing turnkey project</li> <li>➤ Currently catering only Geotextiles which is one of the products in Geosynthetics value chain.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Growing competition from other developing countries.</li> </ul>

## INSTALLED CAPACITY

	Present Capacity			Proposed Capacity		
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Installed Capacity (in MT)</b>	2400.00	2400.00	2400.00	2400.00	6600.00	6600.00
<b>Actual Production (in MT) (Square meter converted into MT)</b>	2055.36	2111.52	2181.36	2200.00	5140.00	5520.00
<b>Capacity Utilization (%)</b>	85.64%	87.98%	90.89%	91.67%	77.88%	84.24%

## COLLABORATIONS

As on the date of this draft Prospectus, our Company has not entered into any technical or other collaboration/ Tie-ups/ Joint Ventures.

## EXPORT OBLIGATION

As on the date of this draft Prospectus, our Company do not have any export related obligations except stated below:

License Number	Type of License	Date of Issue	Total Export Obligation (In USD)	Obligation fulfilled (In USD)	Pending Obligation (In USD)	Duty Saved as per License (In INR)	Actual Duty Saved (In INR)	Export Obligation Period
0310822187	Advance Authorisation	09-07-2018	248400	1,59,228	89,172	40,61,772	24,29,433	18 Months

## SALES AND MARKETING STRATEGY

The efficiency in sales and marketing is critical to success of our Company. Our marketing department is led by our Chief Executive Officer, who is responsible for overall marketing strategy of our Company. Our marketing strategy comprises of direct customers as well as through agency channel. Our Company has always focused on meeting the requirement of our clients and providing them maximum support in terms of quality. Our success lies in the strength of our relationship with our customers and suppliers who have been associated with our Company for a long period. We believe our relationship with the clients is well established as we receive repeated orders for the products manufactured by us. We have also participated in various national and international exhibitions including Technotex, Textile India, Plastindia, German Technology Meets India Textiles & Nonwovens, Asia Nonwoven Exhibition and Conference (China), Geotechnical Frontier (USA), GeoAmericas (USA), BuildExpo (Kenya), The Big 5 (UAE), etc. These international exhibitions have positioned our Company in international market due to which we have been able to gain customers in more than 15 countries within in short span of 5 years.

## RAW MATERIAL

The machine is capable and designed in order to process both the types of the raw materials used most popularly for geotextiles viz, Polyester (virgin & recycled) and Polypropylene.

Polyester is mostly sourced from manufacturers like Alok Industries Limited, Alliance Fibres Limited, etc. which are present in and around Silvassa. The western belt has the highest concentration of the fibre manufacturers in the country thereby enabling ease of sourcing at competitive pricing.

Polypropylene is both purchased locally from companies like Zenith Fibres Limited, Jai Corp Limited, Nirmal Fibres Private Limited, etc. and imported from manufacturers in the Gulf, which enables us to enjoy the most competitive prices internationally, thereby enabling us even further competitive in the international market.



## UTILITIES

### Power:

The total power requirement for our current manufacturing facility is 180 KVA which is met by our power connection sanction load of 234 KVA from DNH Power Distribution Corporation Ltd. We also propose to acquire DG Set (500KVA) for back-up power arrangement to take care of production in case of disruption in power supply.

For proposed project, we will apply for additional installed power load of 250 KVA.

### Water:

Our manufacturing facility is not water intensive as it does not require water for processing. Water is mainly required for chilling cooling towers and human consumption for which local water source at factory meet our water requirements.

### Manpower:

As our machines run completely on programmable logic controller PLC, trained and skilled manpower is very imperative. Most of the employees are trained internationally on the operation of the various machine parameters. Additionally, there is also a training conducted from the manufacturer of the machines, ensuring complete customization of the training and desired performance in terms of the quality of the fabric produced and the optimum utilization of the machine. As on July 31, 2018, our Company had 31 permanent employees including our Directors who take care of supervising work and the administration. The remaining workers are on contract basis and vary from time to time depending on the projects. As of July 31, 2018, we had employed 18 unskilled workers on contract basis.

### Department wise employee breakup of permanent employees

Department	Number of Employees
Management of Company (Executive Directors & CEO)	3
Production	9
Human Resource and General Administration	3
Maintenance	5
Accounts, Finance & Secretarial	5
Marketing	1
Store, Quality Assurance & Quality Control	5
<b>Total</b>	<b>31</b>

The proposed manufacturing facility will require additional employee strength of 36 which is divided into 1 managerial, 25 skilled and 10 unskilled employees. The Company will appoint employees as the work progresses.

## INTELLECTUAL PROPERTY

Our Company has made application for registration of trademark of under Class 19, Class 24 and Class 25 vide Application No. 3899084 dated July 26, 2018.

## PROPERTY

### A. Leasehold/Rental Properties:

Sr. No.	Licensor of Agreement	Nature of Agreement	Description of Property	Consideration	Period of Agreement	Purpose
1.	Khator Fibre and	Memorandum of	9/11, Assembly Lane, 38, Dadi Sheth Agaiyari Lane,	Not Applicable	Not Applicable	Corporate Office

	Fabrics Limited	Understanding dated April 1, 2013	Ground Floor, Kalbadevi Road, Mumbai- 400 002			
2.	Mr. Sunil Kanyalal Harjani	Leave and License Agreement dated 4 <sup>th</sup> December, 2015	103, 1 <sup>st</sup> Floor, Varun Arcade, Building No. 1B, Near Lawkin Godbunder Road, Thane West, Maharashtra 400 610	Rs. 24,000/- per month	3 years from 20 <sup>th</sup> December, 2015	Sales & Marketing Office
3.	Mrs. Indra Jain	Rent Agreement dated 16 <sup>th</sup> August, 2018	244 2 <sup>nd</sup> Floor, Ganpati Plaza, MI Road, Jaipur – 302 001	Rs. 11,500/- per month	2 years from the 17 <sup>th</sup> August, 2018	Registered Office

## B. Owned Properties

Sr. No.	Party Name	Nature of Agreement	Description of Property	Purpose
1.	Shri Ashishsinh Jaidevsinh Parmar	Sale Deed	Survey No. 166/3 & 4 admeasuring 2672.70 Sq. Mt., Village Naroli of Union Territory of Dadra and Nagar Haveli	Factory

## INSURANCES

The Insurance Policies covered by the Company are:

<b>Coverage</b>	Standard Fire and Special Perils Policy
<b>Policy No.</b>	13150011170100001411
<b>Agency</b>	New India Assurance Co. Ltd.
<b>Location and assets covered</b>	Building- Superstructure and Plinth & Foundations; Plant, Machineries and accessories; Furniture, Fittings, Fixtures and other contents; Stock and Stock-in-process
<b>Sum insured</b>	Rs. 21,48,00,000/-
<b>Total premium</b>	Rs. 1,26,058/-
<b>From</b>	November 18, 2017
<b>Valid up to</b>	November 17, 2018

## KEY INDUSTRY REGULATIONS AND POLICIES

*In carrying on our business as described in the section titled “Our Business” on page no. 81 of this Draft Prospectus, our Company is regulated by the following legislations in India. The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this Chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. For details of Government Approvals obtained by the Company in compliance with these regulations, kindly refer to the Chapter titled “Government and Other Key Approvals” beginning on page 160 of this Draft Prospectus.*

*Our Company is engaged in the business of manufacturing of needle punched nonwoven geotextiles. Our business is governed by various central, state and union territory legislations that regulate the substantive and procedural aspects of our business. We are required to obtain and regularly renew certain licenses/registrations and/or permissions required statutorily under the provisions of various central, state government and union territory regulations, rules, bye laws, acts and policies.*

***This chapter has been classified as under:***

- A. Business related Laws***
- B. Laws relating to Labour and Employment***
- C. Environmental Regulations***
- D. Tax Laws***
- E. Statutory and Commercial Laws***
- F. IPR Laws***
- G. Foreign investment regulations***

### **A. BUSINESS RELATED REGULATION**

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

The Ministry of Textiles, Government of India, launched a Technology Upgradation Fund (TUF) scheme for the textile and jute industry for a five-year period from April 1, 1999 to March 31, 2004. It was subsequently extended in 2004 and 2007 with modifications. It was further restructured with effect until March 31, 2012 and extended until March 31, 2013. On October 4, 2013, the Ministry of Textiles provided the financial and operational parameters and implementation mechanism for the Revised Restructured-TUF (“RR-TUF”) scheme for the 12th Five Year Plan period i.e. until March 31, 2017. The TUF scheme provided for interest reimbursement of 5% on the interest charged by a lending agency for financing of a project of technology upgradation in conformity with the TUF scheme. Pursuant to the RR-TUF scheme, in cases of standalone spinning units, the interest reimbursement is 2% for new standalone/replacement/modernization of spinning machinery and 5% for spinning units with forward integration and matching capacity in weaving/knitting/processing/garmenting. The RR-TUF scheme also provides for 5% interest reimbursement and 10% capital subsidy for specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles. The RR-TUF scheme is monitored by an inter-ministerial steering committee constituted under the chairmanship of the minister of textiles. Only loans sanctioned on or after April 1, 2012 are eligible for grant of benefits under this scheme.

#### **Amended Technology Upgradation Fund Scheme (ATUFS)**

Ministry of Textiles, Government of India has notified Amended Technology Up gradation Fund Scheme vide notification dated January 13, 2016. This scheme would be effective from the date of the issue of Resolution for a period of 7 years upto 31.03.2022. In order to promote ease of doing business, promote make in India and increase the employment, government will be providing credit linked Capital Investment Subsidy (CIS) under the ATUFS. The Scheme would facilitate augmenting of investment, productivity, quality, employment and exports. It will also increase investment in textile industry (using benchmarked technology). Entities registered as Companies which

have acknowledgment of Industrial Entrepreneur Memorandum(IEM) with DIPP except MSME units registered with the concerned Directorates of the State Government showing clearly the activity for which the unit is registered, will only be eligible to get benefits under the scheme. Only benchmarked machinery as specified will be eligible for the subsidy under the scheme. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted to Rs. 30 Crore.

### **Advance Licensing Scheme**

With a view to facilitating exports and to access duty-free inputs under the scheme, standard input-output norms for about 300 textiles and clothing export products have been prescribed and this scheme remained under operation.

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

The Textile Order was brought into force by the Central Government under section 3 of the Essential Commodities Act, 1995 and repealed the Textile (Development and Regulation) Order, 1993. Under the Textile Order every manufacturer of Textiles, Textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, consumption, etc. and shall furnish such returns or information in respect of their business as and when directed by the Textile Commissioner. The Textile Order further provides that no person shall make any markings on any textiles resembling the brand name or trade name of any other person who has applied for or obtained a registration to that effect under the Trade and Merchandise Marks Act, 1958, except under and limited to the extent of specific authorization by the holder of or application for such brand or trade name.

### **Duty Drawback Scheme**

Duty Drawback scheme is a duty remission scheme enabling post export replenishment/remission of duty on inputs used in export products, whereby exporters are allowed refund of the excise and import duty paid on raw materials under Duty Drawback so as to make the products more competitive in the international market.

## **B. LAWS RELATING TO LABOUR AND EMPLOYMENT**

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

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

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

The Employees State Insurance Act, 1948 ("**ESI Act**") provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

### **The Minimum Wages Act, 1948**

The State Governments may stipulate the minimum wages applicable to a particular industry. The minimum wages generally consist of a basic rate of wages, cash value of supplies of essential commodities at concession rates and a special allowance, the aggregate of which reflects the cost of living index as notified in the Official Gazette. Workers are to be paid for overtime at overtime rates stipulated by the appropriate State Government. Any contravention may result in imprisonment of up to six months or a fine of up to Rs. 500. Further, employees who have been paid less than the minimum wages are entitled to the payment of the shortfall amount, together with compensation, which may extend up to ten times the shortfall amount.

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

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

### **Payment of Wages Act, 1936**

The Payment of Wages Act ("POW Act") applies to the persons employed in the factories and to persons employed in industrial or other establishments, either directly or indirectly through a sub-contractor, where the monthly wages payable to such persons is less than Rs. 24,000/-. The POW Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of POW Act and rules made there under.

### **Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due.

### **The Contract Labour (Regulation and Abolition) Act, 1970**

The purpose of Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the CLRA, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

### **The Equal Remuneration Act, 1976**

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 ("**Equal Remuneration Act**") was implemented. The Equal Remuneration Act provides for payment of equal wages for equal work of equal nature to male or female workers and for not making discrimination against female employees in the matters of transfers, training and promotion etc.

### **Maternity Benefit Act, 1961**

Maternity Benefit Act, 1961, ("**Maternity Benefit Act**") is aimed at regulating the employment of women in certain establishments for certain periods before and after child birth and for providing for maternity benefit and certain

other benefits. It applies to every establishment being a factory, mine or plantation including any such establishment belonging to government and to every establishment wherein persons are employed for the exhibition of equestrian, acrobatic and other performances. It also applies to every shop or establishment wherein ten or more persons are employed or were employed on any day of the preceding twelve months. According to the Maternity Benefit Act, every woman is entitled to, and her employer is liable for, the payment of maternity benefit at the rate of the average daily wage for the period of her actual absence, including the period immediately preceding the day of her delivery, the actual day of her delivery and any period immediately following that day.

### **Child Labour (Prohibition and Regulation) Act, 1986**

This statute prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under the Child Labour (Prohibition and Regulation) Act, 1986 the employment of child labour in the building and construction industry is prohibited.

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

In order to curb the rise in sexual harassment of women at workplace, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was enacted for prevention and redressal of complaints and for matters connected therewith or incidental hereto. The terms sexual harassment and workplace are both defined in the act. Every employer should also constitute an “Internal Complaints Committee and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the internal committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming in to contact at workplace, organizing awareness programs and workshops, display of rules relating to sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaints, such other procedural requirements to assess the complaints.

### **Maharashtra Shops and Establishment Act, 2017**

Maharashtra Shops and Establishment Act, 2017 (“MSEA”) is an act to provide for the regulation of conditions of employment and other conditions of service of workers employed in shops, residential hotels, restaurants, eating house, theatres, other places of public amusement or entertaining and other establishments. The provisions of MSEA, except section 7, apply to the establishments employing ten or more workers and the provisions of Section 7 apply to the establishments employing less than ten workers.

MSEA provides for the appointment of Chief Facilitator to advise the employers and workers and provide them such information as may be considered necessary for complying with the provisions of MSEA effectively and to inspect the establishment in accordance with the scheme for inspection.

Registration of MSEA can be done either manually or in electronic format by submitting the prescribed application to the Facilitator. The Facilitator shall register the establishment on the register of establishments and shall issue online, in the prescribed form, a registration certificate along with Labour Identification Number (LIN) to the employer.

The registration certificate shall be valid for such period as may be requested by the applicant and specified therein subject to a maximum period of ten years. However, nothing contained hereinabove applies to the establishment already having valid registration or renewal under the MSEA until expiry of their registration or renewal.

MSEA makes provisions for the employer of an establishment to furnish every worker an identity card.

MSEA provides for welfare measure such as first-aid facilities, wholesome drinking water, sufficient latrine and urinal for men and women, crèche in an establishment wherein 50 or more workers are employed and canteen wherein 100 or more workers are employed.



The employer of an establishment shall furnish an annual return, in such a form and in such manner (including electronic form, to such authority as is prescribed. On and from the date of commencement of MSEA, the Maharashtra Shop and Establishment Act 1948, stands repealed.

### **Goa, Daman and Diu Shop and Establishment Act, 1973**

Goa, Daman and Diu Shop and Establishment Act, 1973 (“GSEA”) is an act to provide for the regulation of conditions of work and employment in shops, commercial establishments, restaurants, theatres and other establishments and for matters connected therewith. It extends to the whole of the Union territory of Goa, Daman and Diu. GSEA also has been extended to the Union Territory of Dadra and Nagar Haveli (“DNH”) vide notification dated 12<sup>th</sup> February, 1999. In relation to the GSEA, DNH have adopted the Dadra and Nagar Haveli Shops and Establishments Rules, 2000.

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

In order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise (“MSME”) the act is enacted. A National Board shall be appointed and established by the Central Government for MSME enterprise with its head office at Delhi in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry mentioned in first schedule to Industries (Development and Regulation) Act, 1951 as “Micro Enterprise”, where the investment in plant and machinery does not exceed twenty-five lakhs rupees; “Small Enterprise”, where the investment in plant and machinery is more than twenty-five lakhs rupees but does not exceed five crores rupees; or a medium enterprise, where the investment in plant and machinery is more than five crores but does not exceed ten crores rupees and in the case of the enterprise engaged in the services, “Micro Enterprise”, where the investment in equipment does not exceed ten lakhs rupees, “Small Enterprise” where the investment in equipment is more than ten lakhs rupees but does not exceed two crores rupees, or “Medium Enterprise” where the investment in equipment is more than two crores rupees but does not exceed five crores rupees.

## **C. ENVIRONMENTAL REGULATIONS**

Our Company is also required to obtain clearances under the Environment (Protection) Act, 1986, and other environmental laws such as the Water (Prevention and Control of Pollution) Act, 1974, the Water (Prevention and Control of Pollution) Cess Act, 1977 and the Air (Prevention and Control of Pollution) Act, 1981, before commencing its operations. To obtain an environmental clearance, a no-objection certificate from the concerned state pollution control board must first be obtained, which is granted after a notified public hearing, submission and approval of an Environmental Impact Assessment (“EIA”) report and an Environment Management Plan (“EMP”). Our Company must also comply at all times with the provisions of The Hazardous Waste (Management and Handling) Rules, 1989, as amended, and as superseded by the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

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

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

#### **Water**

Legislations to control water pollution are listed below:

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

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

## **Air**

Legislations to control air pollution are listed below:

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

## **Hazardous Wastes**

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

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

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

These rules require that the occupier and the operator of the facility, that treats hazardous wastes, must properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment.

## **D. TAX RELATED LEGISLATIONS**

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

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

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

The Goods and Services Tax, 2017 (“**GST Act**”) is considered to be the biggest tax reform in India since independence. It will help realise the goal of “One Nation-One Tax-One Market.”

Goods and Services Tax (“**GST**”) is an indirect tax throughout India and was introduced as The Constitution (One Hundred and Twenty Second Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill. The GST is governed by GST Council and its Chairman is Union Finance Minister of India – Arun Jaitley. GST has been made applicable with effect from 1st July 2017. With the introduction of GST all central, state level taxes and levies on all goods and services have been subsumed within an integrated tax having two components – central GST and a state GST. Thus there will be a comprehensive and continuous mechanism of tax credits.

India has adopted a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single State will be levied with Central GST (“**CGST**”) by the Central Government and State GST (“**SGST**”) by the government of that State. For inter-state transactions and imported goods or services, an Integrated GST (“**IGST**”) is levied by the Central Government. The Union Territory Goods and Services Tax (“**UTGST**”) is the GST applicable on the goods and services supply that takes place in Union Territories of India other than Delhi and Puducherry. GST is a consumption-based tax; therefore, taxes are paid to the State where the goods or services are consumed and not the State in which they were produced.

### **The Customs Act, 1962**

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

### **Maharashtra State Tax on Professions, Traders, Callings and Employments Act, 1975**

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

## **E. STATUTORY AND COMMERCIAL LAWS**

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

The Legal Metrology Act, 2009 (“**L.M. Act**”) governs the standards/units/denominations used for weights and measures as well as for goods which are sold or distributed by weight, measure or number. It also states that any transaction/contract relating to goods/class of goods shall be as per the weight/measurement/numbers prescribed by the L.M. Act. Moreover, the L.M. Act prohibits any person from quoting any price, issuing a price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of the L.M. Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in the rules made by each State. Legal Metrology (General) Rules, 2011 is applicable to the Company.

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

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

The Contract Act also lays down provisions of indemnity, guarantee, bailment and agency. Provisions relating to sale of goods and partnership which were originally in the Act are now subject matter of separate enactments viz., the Sale of Goods Act and the Indian Partnership Act. The objective of the Contract Act is to ensure that the rights and obligations arising out of a contract are honoured and that legal remedies are made available to those who are affected.

### **Negotiable Instruments Act, 1881**

In India, cheques are governed by the Negotiable Instruments Act, 1881 (“**NI Act**”), which is largely a codification of the English Law on the subject. The NI Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honoured by their bankers and returned unpaid. Section 138 of the NI Act, creates statutory

offence in the matter of dishonour of cheques on the ground of insufficiency of funds in the account maintained by a person with the banker which is punishable with imprisonment for a term which may extend to two year, or with fine which may extend to twice the amount of the cheque, or with both.

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

The Specific Relief Act, 1963 (“**SR Act**”) is complimentary to the provisions of the Contract Act and the T.P. Act, as it applies both to movable property and immovable property. The SR Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

### **Competition Act, 2002**

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

### **The Companies Act, 1956 and the Companies Act, 2013**

The Consolidation and amendment in law relating to Companies Act, 1956 made way to enactment of Companies Act, 2013 ( the “**Companies Act**”). The Companies Act, 1956 is still applicable to the extent not repealed and the Companies Act, 2013 is applicable to the extent notified. The Companies Act deals with incorporation of companies and procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under Companies Act. The procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the Companies Act. The provision of the Companies Act shall apply to all the companies incorporated either under the Companies Act or under any other previous law. It shall also apply to banking company, companies engaged in generation or supply of electricity and any other company governed by any special act for the time being in force. A company can be formed by seven or more persons in case of public company and by two or more person in case of private company. A company can even be formed by one person i.e. a One Person Company (OPC). The provisions relating to forming and allied procedures of OPC are mentioned in the act.

Further, Schedule V (read with sections 196 & 197), Part I lay down conditions to be fulfilled for the appointment of a managing or whole-time director or manager. It provides a list of acts under which if a person is prosecuted he cannot be appointed as a director or a Managing Director or Manager of the firm. The provisions related to remuneration of the director payable by the companies are under Part II of the said schedule.

### **Consumer Protection Act, 1986**

The Consumer Protection Act, 1986 seeks to provide better protection of interests of the consumers and for that purpose to make provision for establishment of consumer councils and other authorities for the settlement of consumer’s disputes and for matters connected therewith. It seeks to promote and protect the rights of consumers.

### **Transfer of Property Act, 1882**

The transfer of property, including immovable property, between living persons, as opposed to the transfer property by operation of law, is governed by the Transfer of Property Act, 1882 (“**T.P. Act**”). The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions

and conditions imposed on the transfer and the creation of contingent and vested interest in the property. Transfer of property is subject to stamping and registration under the specific statutes enacted for the purposes which have been dealt with hereinafter.

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

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

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

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

### **The Arbitration and Conciliation Act, 1996**

The Arbitration and Conciliation Act, 1996 (“**Arbitration Act**”) was enacted by Parliament in the Forty-seventh Year of the Republic of India to consolidate and amend the law relating to domestic arbitration, international commercial arbitration and enforcement of foreign arbitral awards as also to define the law relating to conciliation and for matters connected therewith or incidental thereto. The main objectives of the Arbitration Act is to comprehensively cover international and commercial arbitration and conciliation as also domestic arbitration and conciliation, to make provision for an arbitral procedure which is fair, efficient and capable of meeting the needs of the specific arbitration, to provide that the arbitral tribunal gives reasons for its arbitral award, to ensure that the arbitral tribunal remains within the limits of its jurisdiction, to minimize the supervisory role of courts in the arbitral process, to permit an arbitral tribunal to use mediation, conciliation or other procedures during the arbitral proceedings to encourage settlement of disputes, to provide that every final arbitral award is enforced in the same manner as if it were a decree of the court, to provide that a settlement agreement reached by the parties as a result of conciliation proceedings will have the same status and effect as an arbitral award on agreed terms on the substance of the dispute rendered by an arbitral tribunal and to provide that, for purposes of enforcement of foreign awards, every arbitral award made in a country to which one of the two International Conventions relating to foreign arbitral awards to which India is a party applies, will be treated as a foreign award.

### **Electricity Act, 2003**

The Electricity Act, 2003 (“**Electricity Act**”) has been recently introduced with a view to rationalize electricity tariff, and to bring about transparent policies in the sector. The Electricity Act provides for private sector participation in generation, transmission and distribution of electricity, and provides for the corporatization of the state electricity boards. The Electricity Regulatory Commissions Act, 1998 has been enacted with a view to confer on these statutory commissions the responsibility of regulating this sector.

## **F. INTELLECTUAL PROPERTY LAWS**

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

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

## **The Designs Act, 2000**

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

## **G. FOREIGN INVESTMENT REGULATIONS**

### **Foreign Trade (Development and Regulation) Act, 1992 (“FTA”)**

In India, the main legislation concerning foreign trade is the Foreign Trade (Development and Regulation) Act, 1992 (“FTA”). The FTA read along with relevant rules 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 FTA, 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 authorized 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 authorized to appoint a 'Director General of Foreign Trade' for the purpose of the FTA, 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 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.

### **FOREIGN INVESTMENT REGULATIONS**

Foreign investment in India is governed by the provisions of the Foreign Exchange and Management Act (“FEMA”) and the rules, regulations, notifications issued under the same, read with the extant Consolidated Foreign Direct Investment Policy, as issued by the Department of Industrial Policy and Promotion (“DIPP”). The Reserve Bank of India (“RBI”), in exercise of its powers under FEMA, has notified various regulations governing the purchase, sale, allotment or subscription of securities of an Indian company to a non-resident individual or entity. Pursuant to the aforementioned legal framework, no permission is required for investment in sectors falling under the ‘automatic route’ within the specified sectoral caps. RBI has also issued Master Directions dated 4<sup>th</sup> January 2018 on Foreign Investment in India (amended as on 6<sup>th</sup> April 2018). In terms of the Master Directions, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to *inter alia*, the pricing guidelines prescribed. As mentioned above, the Indian company making such fresh issue of shares would be subject to the reporting requirements, *inter-alia* with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR. The Consolidated FDI policy effective from August 28, 2017 issued by the DIPP allows sectoral cap upto 100% in case of manufacturing b is allowed under automatic route.

### **Other Laws**

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



## OUR HISTORY AND OTHER CORPORATE MATTERS

Our Company was originally incorporated on 1<sup>st</sup> April, 2013, as “Khator Technical Textiles Private Limited” as a private limited Company under the provisions of the Companies Act, 1956 with the Registrar of Companies, Jaipur. Our Company was converted into a public Limited Company and accordingly the name of our Company was changed to Khator Technical Textiles Limited pursuant to a special resolution passed by our Shareholders at the EGM held on March 15, 2018. A fresh certificate of incorporation upon conversion to public limited company was issued on June 26, 2018 by Registrar of Companies, Jaipur. Our Corporate Identification Number is U17290RJ2013PLC041963

The promoters of our Company are Mr. Amit Kailash Khator and Mrs. Jasoda Kailash Khator.

### Changes in our Registered Office:

Our Company’s Registered Office is currently situated at 244, 2<sup>nd</sup> Floor, Ganpati Plaza, MI Road, Jaipur – 302 001.

Details of changes in the address of the Registered Office of our Company are set forth as under:

Date of Change	From	To
As on the date of Incorporation i.e. 01-04-2013	-	G-67, Modi Nagar, Ajmer Road, Jaipur, Rajasthan- 302 019
16-08-2018	G-67, Modi Nagar, Ajmer Road, Jaipur, Rajasthan- 302 019	244 2 <sup>nd</sup> Floor Ganpati Plaza, MI Road, Jaipur – 302 001

### Main Objects of our Company

The object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present Issue. Furthermore, the activities of our Company which we have been carrying out until now are in accordance with the objects of the Memorandum. The objects of our Company are:

1. To carry on the business of manufacturers, processors, producers, jobbers, including doing the job work for others and getting the job work done from others, designers, distributors, stockiest, importers and exporters, buyers, sellers, and dealers of all or any of the products of Woven and Non woven Technical Textiles such as Agrotech, Buildtech, Clothtech, Geotech, Homotech, Indutech, Meditech, Mobiltech, Oekotech, Packtech, Protech and Sportech, fabrics and textiles, industrial fabrics, tapes, ropes, codes, twins, canvass, Teri towels, durries, mewar, parachutes, carpets, rugs, blankets, namdas, tarpaulins, linens, worsted stuff, towels, furnishings and other products as are prepared or manufactured from nylon, polysters acrylics, rayon, silk, artificial silk, linen, cotton, wool, jute, and any other synthetics, artificial and natural fibers including fiber glass and carbon fiber and intermediates of all types, grades and formulation and including specifically virgin and recycled plastics, polyester fibers, polyacrylonitrile, polyvinyl acetate, polypropylene, nylon and rayon.
2. To carry on the business of spinners, weavers, manufactures, non-woven manufacturers, producers, ginners, pressers, packers, balers, liners, cleaners, processors, doublers, combers, wool combers, worsted spinners, woolen spinners, knitters, engravers and embroiders, dyers, bleachers, calenderers, sellers, buyers, importers, exporters, mercerizes, distributors, barters, shippers and dealers in all kind of waste threads, yarn, fibers suiting’s, shirtings, sarees, dress materials, readymade garments, all fabrics including waste cotton, linen, hemp, jute, wool, polyester, acrylics, silk, artificial silk, rayon, virgin and recycled man made synthetics fibers, fibers, staple synthetics yarn and any other fibrous material, allied products, by products and to treat and utilize any waste arising from any such manufacturing production or process.
3. To carry on the business of manufacturers, producers, processors, Coaters, Laminators importers, exporters, buyers, sellers and dealers in and as brokers, agents, stockists, distributors and suppliers of all kinds of water proof fabrics, pavliners, floor clothes, carpets, tents clothes, tweed, patto, pashminas, blazer, gabardine, drill, tapestry, georgette, linen, velvet, tarpaulin, khaddar, lace, linning, surgical cotton, surgical bandages, lints, gauge, sanitary goods necessary for medical aid, hospital needs as are made from or with cotton, nylon, silk,

polyester acrylics, jute, wool and other kinds of fibres, by whatever name called or made under any process, whether natural or artificial and by mechanical or other means.

4. To buy, sell, exchange, barter, ship, import, export, and otherwise deal in as principals, agents, stockists, distributors, brokers, wholesale and retail dealers or otherwise either for ready or forward transactions as may be permissible under law, in jute, jute cutting, jute rejections, mesta, hemp, flax, hessian, gunny bags, sacks, carpets, backing jute thread, jute yarn, twins, ropes webbing and all kind of jute goods and in cotton kapas, wool, silk, artificial silk, art, silk, kapok, artificial and synthetic filaments, rayon's, linen, terelyne, nylon and other fibrous substances including waste, residual and by products thereof.
5. To carry on the business of providing services of Consultancy, advise for Woven and Non-woven Technical Textiles to various type of clients and all other related activities.

### Changes in the Memorandum of Association

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

Date of shareholders resolution	Particulars
20-03-2014	The authorised share capital of Rs. 5,00,000/- consisting of 50,000/- Equity Shares of Rs.10 each was increase to Rs. 1,00,00,000/- consisting 10,00,000/- Equity Shares of Rs.10 each
15-03-2018	The authorised share capital of Rs. 1,00,00,000/- consisting of 10,00,000/- Equity Shares of Rs.10 each was increased to Rs. 4,00,00,000/- consisting 40,00,000/- Equity Shares of Rs.10 each
24-04-2018	The authorised share capital of Rs 4,00,00,000/- consisting of 40,00,000/- Equity Shares of Rs.10 each was increased to Rs. 8,00,00,000/- consisting 80,00,000/- Equity Shares of Rs.10 each
14-06-2018	Clause I of the MOA of the Company changed pursuant to conversion of the Company into public company to reflect changed name i.e. Khator Technical Textiles Limited. A fresh certificate of incorporation pursuant to the change of name was granted by the Registrar of Companies, Jaipur on 26 <sup>th</sup> June, 2018.
07-07-2018	The authorised share capital of Rs 8,00,00,000/- consisting of 80,00,000/- Equity Shares of Rs.10 each was increased to Rs. 9,00,00,000/- consisting 90,00,000/- Equity Shares of Rs.10 each

### Major Events and Milestones

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

Year	Particulars
2013	Incorporation of the Company on 1 <sup>st</sup> April, 2013
2014	Commencement of commercial production in March, 2014
2015	➤ Achieved Sales of One Million Sq. Mtrs of Nonwoven Geotextile Fabrics ➤ Achieved sales of Export to Five different countries worldwide.
2016	➤ Achieved Sales of Two Million Sq. Mtrs of Nonwoven Geotextile Fabrics ➤ Achieved sales of Export to Ten different countries worldwide.
2017	➤ Achieved Sales of Three Million Sq. Mtrs of Nonwoven Geotextile Fabrics ➤ Achieved sales of Export to Fifteen different countries worldwide.
2018	Conversion into public limited company

### Certifications, Awards and Recognitions

We have received the following certifications, awards and recognitions for achieving and maintaining high standards in various aspects of our business

Year	Certification/Award
2015	CE Certification
2016	One Star Export House Certification from DGFT
2017	ISO 9001:2015 for Quality Management System

### **Corporate Profile of our Company**

For details regarding the description of our activities, including details of our business, geographical presence, growth, competition, products, technology, and managerial competence, please see sections entitled “*Our Business*”, “*Our Management*” and “*Industry Overview*” beginning on pages 81, 107 and 72 respectively.

### **Revaluation of Assets**

Our Company has not revalued any of its assets till date.

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

Our Company has no holding company as on the date of filing of this Draft Prospectus.

### **Subsidiary of our Company**

There is no subsidiary of our Company as on the date of filing of this Draft Prospectus.

### **Injunctions or Restraining Orders**

There are no injunctions/ restraining orders that have been passed against our Company as on the date of filling of this Draft Prospectus.

### **Details regarding Acquisition of Business/Undertakings, Mergers, Amalgamation etc.**

There are no mergers, amalgamation, etc. with respect to our Company and we have not acquired any business/undertakings as on the date of this Draft Prospectus.

### **Capital raising activities through Equity or Debt**

For details of the equity capital raised by our Company, please refer to the chapter titled “*Capital Structure*” beginning on page 48 of this Draft Prospectus. Our Company has not carried out any debt issuances or raised any long term debt except as describe in financial statements since incorporation till date of filling of this Draft Prospectus.

### **Changes in the Management**

For details of change in Management Please refer to “*Our Management*” on page 107 of this Draft Prospectus.

### **Shareholders Agreements**

Our Company has not entered into any shareholder’s agreement as on date of filing of this Draft Prospectus.

### **Strikes and Lock-Outs**

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock- outs till date. As on the date of this Draft Prospectus, our employees are not unionized.

**Other Agreements**

Our Company has not entered into any specific or special agreements except that have been entered into in ordinary course of business as on the date of filing of this Draft Prospectus.

**Collaboration**

Our Company has not entered into any collaboration with any third party as per regulation (VIII) B (1) (c) of part A Schedule VIII of SEBI (ICDR) Regulations, 2009, as on the date of filing of this Draft Prospectus.

**Strategic Partner**

Our Company does not have any strategic partner as on the date of filing of this Draft Prospectus.

**Financial Partner**

Our Company does not have any financial partner as on the date of filing of this Draft Prospectus.

**Defaults or Rescheduling of Borrowings with Financial Institutions or Banks**

There have been no defaults or rescheduling of borrowings with financial institutions or banks as on the date of this Draft Prospectus.

**Number of Shareholders**

Our Company has 9 shareholders as on date of this Draft Prospectus.

**Time and Cost overruns**

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

**Guarantees provided by our Promoters**

Our Promoters have given guarantees to bank that are outstanding as on the date of filing of this Draft Prospectus. For details of Guarantees provided by our Promoters Please refer to “*Risk Factors*” on page 13 of this Draft Prospectus

## OUR MANAGEMENT

### Board of Directors

As per the Articles of Association, our Company is required to have not less than three (3) Directors and not more than Fifteen (15) Directors. Our Company currently has Four (4) Directors on Board. The following table sets forth current details regarding our Board of Directors:

Name, Father's Name, Address, Occupation, Nationality, Term & DIN	Age	Other Directorships
<b>Name: Amit Kailash Khator</b> <b>Father's Name:</b> Kailash Khator <b>Designation:</b> Managing Director <b>Date of Appointment:</b> April 1, 2013, re-designated as Managing Director on July 9, 2018 <b>Term:</b> 5 years with effect from July 9, 2018 <b>Address:</b> 25/503, Siddhachal Phase-4, Pokharan Road No. 2, Thane, Maharashtra-400610 <b>Occupation:</b> Business <b>PAN:</b> AAKPK8325N <b>Nationality:</b> Indian <b>DIN:</b> 02989041	<b>30</b>	Nil
<b>Name: Bhawana <i>alias</i> Bhawana Khator</b> <b>Father's Name:</b> Mr. Bajrang Periwal <b>Designation:</b> Whole Time Director <b>Date of Appointment:</b> March 27, 2018, re-designated a Whole Time Director on 5 years with effect from July 9, 2018 <b>Term:</b> 5 years with effect from July 9, 2018 <b>Address:</b> 25/503, Siddhachal Phase-4, Pokharan Road No. 2, Thane, Maharashtra-400610 <b>Occupation:</b> Business <b>PAN:</b> BUEPB8952K <b>Nationality:</b> Indian <b>DIN:</b> 08096086	<b>24</b>	Nil
<b>Name: Shahaji Ganapat Khapare</b> <b>Father's Name:</b> Ganapat Balaji Khapare <b>Designation:</b> Independent Director <b>Date of Appointment:</b> June 2, 2018 <b>Term:</b> 5 years w.e.f. June 2, 2018 <b>Address:</b> A-Wing, Hawa Mahal, Flat No. 1301, Soham Gardens, Ghodbandar Road, Manpada, Thane (W) Mumbai-400607 <b>Occupation:</b> Business <b>PAN:</b> ABDPK7368K <b>Nationality:</b> Indian <b>DIN:</b> 05249343	<b>68</b>	Nil
<b>Name: Dhruv Tewari</b> <b>Father's Name:</b> Bishwa Kashiprasad Tewari <b>Designation:</b> Independent Director <b>Date of Appointment:</b> June 22, 2018 <b>Term:</b> 5 years w.e.f. June 22, 2018 <b>Address:</b> Flat No. 504, 5 <sup>th</sup> Floor, Valentina Lodha Paradise, Eastern Exp. Highway, Majiwada, Thane- 400 601 <b>Occupation:</b> Business <b>PAN:</b> ADJPT6424D <b>Nationality:</b> Indian <b>DIN:</b> 02503062	<b>43</b>	Armstrong Products Private Limited

**Note:**

As on the date of this Draft Prospectus:

- 1) None of the above mentioned Directors are on the RBI List of willful defaulters.
- 2) Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) for more than 3 months during the five years prior to the date of filing this Draft Prospectus or (b) delisted from the stock exchanges.
- 3) 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.

**Brief Biographies of our Directors**

**Mr. Amit Kailash Khator**, aged 30 years is the Promoter and Managing Director of our Company. He has been on the Board of our since incorporation i.e. April 1, 2013. He holds degree in Bachelor of Textile in Textile Technology from Shivaji University, Kolhapur and MBA from Nirma University, Ahmedabad. He has also undertaken various training in operations in Technical Textiles both domestically and internationally. He monitors day to day business operations of our Company and is responsible for the all the activities relating to finance and marketing. He has also attended and participated in various conferences both internationally and in domestic and has been speaker at Technotex 2016 organised by FICCI jointly with Ministry of Textile. He is responsible for establishing and maintaining effective formal and informal links with major customers, relevant government departments and agencies and local authorities. He takes keen interest in developing and maintaining Total Quality Management systems throughout the company to ensure that the best possible products and services are provided to customers.

**Mrs. Bhawana Khator**, aged 24 years is the Whole Time Director of our Company. She was appointed as Director our Company w.e.f. March 27, 2018. She holds degree in Bachelor of Commerce from Maharaja Ganga Singh University, Bikaner and has complete Accounting Technician Course from the Institute of Chartered Accountants of India. She is responsible for taking care of day to day activities related to finance management and human resource in our Company.

**Mr. Shahaji Ganpat Khapare**, aged 69 years is an Independent Director of our Company. He has experience of more than 30 years in managing the production and sales of textiles. He rose upto the level of Deputy General Manager Outsourcing (Ready Finish) before his retirement in 2009 after 32 years of service at Bombay Dyeing & Mfg. Co. Ltd. He brings his expertise in managing production and corporate governance to the Board of Directors.

**Mr Dhruv Tewari**, aged 43 years is an Independent Directors of our Company. He was appointed as Independent Director w.e.f. June 22, 2018. He holds Bachelor in Arts and Post Graduate Diploma in Business Management from Apeejay School of Marketing. He has an exorbitant experience in corporate of almost 2 decades. He has served at critical positions at companies like Raymond, Reliance Industries and Kaybee India. His comprehensive skill set of global markets and business decisions in finance, marketing, and organization management; ability to conceptualize and implement effective business strategies in International market helps mentor the companies vision to become a global player in technical textiles. He brings his expertise of managing trade across various countries and also the element of objectivity to the Board of Directors.

**Confirmations**

There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or member of the senior management.

The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.



None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of this Draft Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in any such Company.

None of the Directors is or was a director of any listed company which has been or was delisted from any recognized stock exchange in India during the term of their directorship in such Company.

### **Nature of Family Relationship among Directors**

Except, Mr. Amit Kailash Khator and Mrs. Bhawana Khator who are related to each other as Husband – Wife, none of our Director of our Company are related to each other within the meaning of section 2(77) of the Companies Act, 2013.

### **Borrowing Powers of the Board**

In accordance with the Articles of Association and pursuant to the AGM of our Company held on 30<sup>th</sup> September, 2014, the Board is authorised to borrow money, mortgage, hypothecate and/or charge all of our Company's immovable and movable properties, present and future, in such sum form or manner as the Board may think fit for securing loans already obtained or that may be obtained from our Company's banker or any other banks, financial institution or any other lending institutions or persons, provided that the total amount of money or monies so borrowed (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business), by our Company shall not, at any time, exceed the Rs. 50 Crores.

### **Remuneration to our Directors**

Details of remuneration paid to our Directors during Financial Year 2018 are set for the in the table below:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Remuneration (₹ in Lakhs)</b>
1)	Amit Kailash Khator	10.80
2)	Bhawana Khator	Nil

### **Terms of Appointment of our Directors**

#### **Executive Directors**

<b>Name</b>	Amit Kailash Khator
<b>Designation</b>	Managing Director
<b>Term</b>	5 years with effect from 9 <sup>th</sup> July, 2018 subject to approval by a resolution at the next general meeting of the Company
<b>Remuneration</b>	Rs. 3,00,000/- per month

<b>Name</b>	Bhawana Khator
<b>Designation</b>	Whole Time Director
<b>Term</b>	5 years with effect from 9 <sup>th</sup> July, 2018 subject to approval by a resolution at the next general meeting of the Company
<b>Remuneration</b>	Rs. 1,00,000/- per month

There is no definitive and /or service agreement that has been entered into between our Company and the directors in relation to their appointment.

#### **Non-Executive Directors**

Currently, non-executive Directors are not being paid any remuneration apart from payment of sitting fees, if any. We also confirm that no remuneration being paid to Independent Directors apart from payment of sitting fees.

### Shareholding of Directors in our Company

Other than the following, none of our Directors holds any Equity Shares as of the date of filing this Draft Prospectus:

Name of Director	Number of Equity Shares held	Percentage of pre-Issue capital
Amit Kailash Khator	20,30,111	47.27%
Bhawana Khator	55,556	1.29%

Our Directors do not hold any outstanding vested options, pursuant to the employee stock option scheme implemented by our Company.

Our Articles of Association do not require our Directors to hold any qualification shares.

### Interest of Directors

Our Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered as a Director of our Company and reimbursement of expenses, if any, payable to them. For details of remuneration paid to our Directors, please refer “*Remuneration to our Directors*” above.

Our Directors may also be regarded as interested to the extent of Equity Shares held by them in our Company, if any, details of which have been disclosed above under the heading “*Shareholding of Directors in our Company*”. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to this Issue.

Except as stated in the chapter titled “*Related Party Transactions*” on page 124 of this Draft Prospectus, our Directors do not have any other interest in the business of our Company.

### Bonus or Profit Sharing Plan for our Directors

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

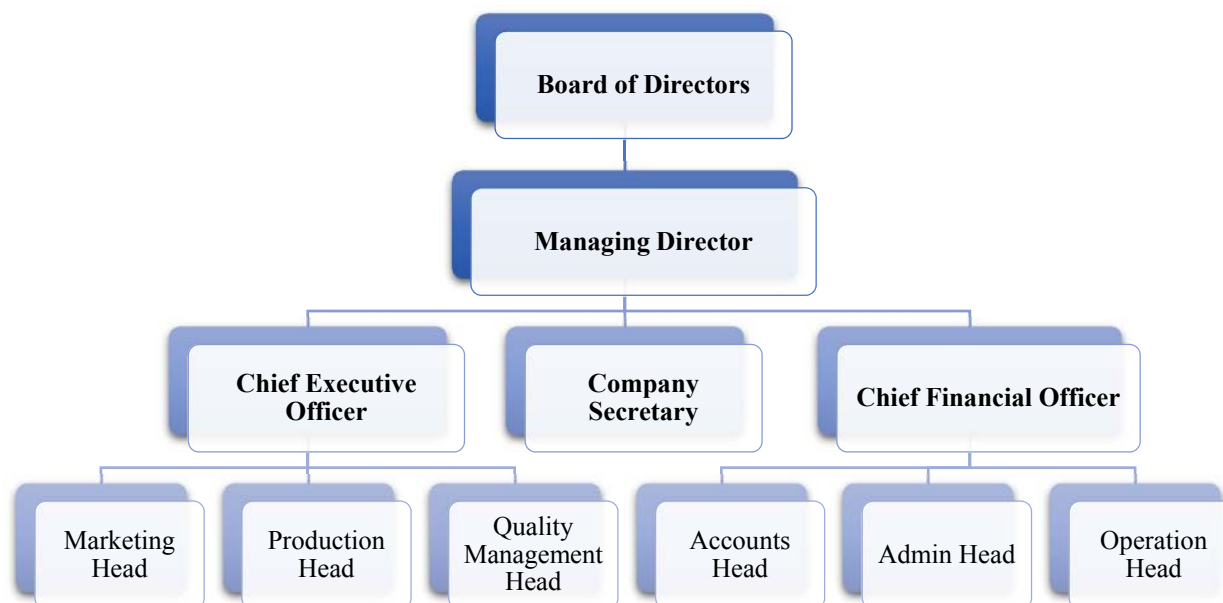
### Changes in our Board of Directors during the last three (3) years

The changes in the Directors during last three (3) years are as follows:

Name	Date of appointment/ change/ cessation	Reason
Mr. Amit Kailash Khator	30-09-2016	Re-designated as Whole Time Director
Mrs. Jasoda Kailash Khator	21-03-2017	Appointed as Additional Executive Director
Mr. Kailashkumar Satyanarayan Khator	27-03-2017	Cessation due to resignation (personal and unavoidable circumstances)
Mrs. Jasoda Kailash Khator	29-09-2017	Re-designated as Executive Director
Mrs. Bhawana Khator	27-03-2018	Appointed as Additional Non- Executive Non-Independent Director
Mrs. Jasoda Kailash Khator	28-03-2018	Cessation due to resignation (personal and unavoidable circumstances)
Mr. Shahaji Ganpat Khapare	02-06-2018	Appointed as Independent Director
Mr. Dhruv Tewari	22-06-2018	Appointed as Additional Independent

		Director
Mr. Dhruv Tewari	07-07-2018	Re-designated as Independent Director
Mrs. Bhawana Khator	07-07-2018	Re-designated as Executive Director
Mr. Amit Kailash Khator	09-07-2018	Re-designated as Managing Director
Mrs. Bhawana Khator	09-07-2018	Re-designated as Whole Time Director

### Management Organization Structure



### Corporate Governance

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

Our Board has been constituted in compliance with the Companies Act and SEBI (LODR) Regulations, to the extent applicable. Our Board functions either as a full board or through various committees constituted to oversee specific functions. In compliance with the requirements of the Companies Act and the SEBI (LODR) Regulations, to the extent applicable our Board of Directors consists of Six Directors (including one woman Director).

### Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

- 1.) Audit Committee;
- 2.) Nomination and Remuneration Committee;
- 3.) Stakeholders' Relationship Committee;
- 4.) Corporate Social Responsibility Committee;

Details of each of these committees are as follows:

### 1.) Audit Committee;

Our Audit Committee was constituted pursuant to resolution of our Board dated 9<sup>th</sup> July, 2018. The Audit Committee comprises of the following:

Sr. No.	Name of the Director	Status	Nature of Directorship
1)	Mr. Dhruv Tewari	Chairman	Independent Director
2)	Mr. Shahaji Ganpat Khapare	Member	Independent Director
3)	Mrs. Bhawana Khator	Member	Whole Time Director

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

The scope, functions and the terms of reference of the Audit Committee is in accordance with the Section 177 of the Companies Act, 2013 and Regulation 18 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule II Part C SEBI (LODR) Regulations, 2015.

The role of the audit committee shall include the following:

- (a) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (i) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (ii) changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) significant adjustments made in the financial statements arising out of audit findings;
  - (v) compliance with listing and other legal requirements relating to financial statements;
  - (vi) disclosure of any related party transactions;
  - (vii) modified opinion(s) in the draft audit report;
- (e) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (f) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (h) approval or any subsequent modification of transactions of the listed entity with related parties;
- (i) scrutiny of inter-corporate loans and investments;
- (j) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (k) evaluation of internal financial controls and risk management systems;
- (l) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (m) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (n) discussion with internal auditors of any significant findings and follow up there on;
- (o) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

- (p) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (q) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (r) to review the functioning of the whistle blower mechanism;
- (s) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (t) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

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

## 2.) Nomination and Remuneration Committee

The Nomination and Remuneration committee was Re-constituted by a resolution of our Board dated 9<sup>th</sup> July, 2018. The constitution of the Nomination and Remuneration committee presently is as follows:

Sr. No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Sahaji Ganpat Khapare	Chairman	Independent Director
2.	Mr. Dhruv Tewari	Member	Independent Director
3.	Mr. Amit Kailash Khator	Member	Managing Director

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

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

The terms of reference of Nomination and Remuneration Committee shall include the following:

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

## 3.) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated 9<sup>th</sup> July, 2018. The constitution of the Stakeholders' Relationship committee is as follows:

S. N.	Name of the Director	Status	Nature of Directorship
-------	----------------------	--------	------------------------

1.	Mrs. Bhawana Khator	Chairman	Whole Time Director
2.	Mr. Dhruv Tewari	Member	Independent Director
3.	Mr. Sahaji Ganpat Khapare	Member	Independent Director

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

This Committee is responsible for the redressal of the grievances of the security holders including complaints relate to transfer of shares, non-receipt of annual report and non-receipt of dividend. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations.

Our Company has adopted the following policies:

- 1) Evaluation of Performance of Board of Directors
- 2) Materiality Policy
- 3) Policy for preservation of Records
- 4) Policy for Prevention of Sexual Harassment
- 5) Whistle Blower Policy & Vigil Mechanism
- 6) Archival Policy
- 7) Code for independent Directors
- 8) Code of Conduct for insider trading
- 9) Code of conduct of practices & procedure for fair disclosure of unpublished price sensitive information
- 10) Related Party Transactions (RTP) Policy

### **Our Key Managerial Personnel**

Our Company is managed by its Board of Directors, assisted by qualified professionals, in the respective field of administration / finance / distribution / marketing and corporate laws.

In addition to our Managing Director Mr. Amit Kailash Khator and Whole Time Director Mrs. Bhawana Khator, following key personnel assist the management of our Company:

### **Brief Profile of Key Managerial Personnel:**

#### **Mr. Satish Rao, Chief Executive Officer**

Mr. Satish Rao, aged 62 years is the Chief Executive Officer of our Company. He holds Bachelors of Technology (Textiles) from Bangalore University. He has over 35 years of experience in Textile and Technical Textile industry, with cumulative experience in sales of Geotextiles over a decade in both domestic and international market. He is associated with our Company since inception and heads the marketing department of the Company. Along with developing newer markets he also draws keen interest in continually developing newer products to better suite the customer requirements. He is the key person in making the presence of our Company across the continents and has represented our Company in various business trade fair and marketing drives.

#### **Mr. Vijay Chotelal Kanojia, Chief Financial Officer**

Mr. Vijay Chotelal Kanojia, aged 30 years in the Chief Financial Officer of our Company. He is associated with our Company since 2014 and has been appointed as Chief Financial Officer w.e.f. June 22, 2018. He is an MBA from the Institute of Chartered Financial Analysts of India University, Sikkim. He has the experience of over 4 years in finance & management. He is primarily responsible for managing our Company's finances including financial planning, management of financial risks, record-keeping, and financial reporting. He is also managing & handling the Export-Import operations of our Company & is responsible for communicating & maintaining relationships with the International Clients.



### **Ms. Bhawna Atolia, Company Secretary and Compliance Officer**

Ms. Bhawna Atolia, aged 25 years is the Company Secretary and Compliance Officer of our Company. She was appointed as Company Secretary of our Company w.e.f. June 22, 2018. She is an associate member of the Institute of Company Secretaries of India and Masters in Commerce from University of Rajasthan. She has 2 years of experience in secretarial affairs and statutory compliances including one year's as Verification Officer at MCA project in Gurgaon. Currently, she looks after secretarial affairs and statutory compliances of our Company.

*For details of our Directors please refer chapter "Our Management" on page 107 of this Draft Prospectus.*

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

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

### **Family Relationship between Key Managerial Personnel**

As on date, none of the key managerial personnel is having family relation with each other.

### **Arrangements and Understanding with major Shareholders**

None of our key managerial personnel have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

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

Except Mr. Amit Kailash Khator, Managing Director & Mrs. Bhawana Khator, Whole Time Director of our Company holding 20,30,111 Equity Shares and 64,188 Equity Shares respectively, as on date, none of the key managerial persons are holding Equity Shares of our Company.

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

There is no profit sharing plan for the key managerial personnel. Our Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment.

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

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

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

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 during the ordinary course of business. Our Key Management Personnel 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.

### **Changes in Key Managerial Personnel of our Company during the Last Three (3) Years**

For details of changes regarding our Promoter and Managing Director during last three years please refer chapter titled "Our Management" on page 107 of this Draft Prospectus.

Set forth below are the changes in the key managerial personnel of our Company during the last three (3) years.

Name	Date of appointment	Date of cessation	Reason
Mr. Vijay Chotelal Kanojia, <i>Chief Financial Officer</i>	Re-designated as 22 <sup>nd</sup> June, 2018	-	-
Ms. Bhawna Atolia, <i>Company Secretary and Compliance Officer</i>	Appointed on 22 <sup>nd</sup> June, 2018	-	-

#### **Employees Stock Option Scheme**

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

#### **Payment or Benefit to our Officers**

Except for the payment of normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two (2) preceding years or intended to be paid or given to any of them.

#### **Employees**


The details about our employees appear under the Paragraph titled “*Our Business*” beginning on page 81 of this Draft Prospectus.

## OUR PROMOTERS/PROMOTER GROUP


Mr. Amit Kailash Khator and Mrs. Jasoda Kailash Khator are the Promoter of our Company. Our Promoter Currently hold a total of 33,25,667 Equity Shares equivalent to 77.44 % of the pre-Issued, Subscribed and Paid up Equity Share Capital.

The Promoters of our Company is:

### Mr. Amit Kailash Khator

	Mr. Amit Kailash Khator aged 30 years, is the Promoter and Managing Director of our Company. He has been on the Board of our since incorporation i.e. April 1, 2013. He holds degree in Bachelor of Textile in Textile Technology from Shivaji University, Kolhapur and MBA from Nirma University, Ahmedabad. He has also undertaken various training in operations in Technical Textiles both domestically and internationally. He monitors day to day business operations of our Company and is responsible for the all the activities relating to finance and marketing. He has also attended and participated in various conferences both internationally and locally and has been speaker at Technotex 2016 organised by FICCI jointly with Ministry of Textile. He is responsible for establishing and maintaining effective formal and informal links with major customers, relevant government departments and agencies and local authorities. He takes keen interest in developing and maintaining Total Quality Management systems throughout the company to ensure that the best possible products and services are provided to customers.
<b>Address</b>	25/503, Siddhachal Phase 4, Pokhran Road No. 2, Thane – 400 601
<b>Permanent Account Number</b>	AAKPK8325N
<b>Passport Number</b>	Z3436807
<b>Driving License Number</b>	MH0420070106466
<b>Voter ID No.</b>	XCE5007331
<b>Aadhar Card Number</b>	812141066500

### Mrs. Jasoda Kailash Khator

	Mrs. Jasoda Kailash Khator, aged 50 years, mother of Mr. Amit Kailash Khator, is also the Promoter of our Company. She shares her broad skills regarding management and provides guidance on overall strategic issues of our Company.
<b>Address</b>	25/503, Siddhachal Phase 4, Pokhran Road No. 2, Thane - 400 601
<b>Permanent Account Number</b>	AALPK3035A
<b>Passport Number</b>	S5906320
<b>Driving License Number</b>	MH04 20080003581
<b>Voter ID No.</b>	NA
<b>Aadhar Card Number</b>	9053 0353 2185

### **Other Undertakings and Confirmations**

Our Company undertakes that the details of Permanent Account Number, Bank account number and Passport number of the Promoters will be submitted to the Stock Exchange, where the equity shares of our Company are proposed to be listed at the time of submission of this Draft Prospectus.

### **Common Pursuits of our Promoters**

Our Promoter has not promoted any entity which is engaged in the line of similar to our Company as on the date of this Draft Prospectus.

For more details please refer to our chapter titled “*Our Promoters and Promoter Group*” & “*Group Companies/Entities*” on page 117 & 121 of this Draft Prospectus respectively. We shall adopt the necessary procedures and practices as permitted by law to address any conflicting situations, as and when they may arise.

### **Interest of the Promoters**

Our promoters are interested in our Company to the extent of their shareholding, for which they are entitled to receive the dividend declared, and other distribution in respect of Equity Shares if any, by our Company. For details on shareholding of our Promoter in our Company, please refer sections “*Capital Structure*” and “*Our Management*” on pages 48 and 107 respectively of this Draft Prospectus.

Further, our Promoters who are also our Directors may be deemed to be interested to the extent of fees, remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act, 2013, terms of the Articles and their terms of appointment.

Except as stated herein and as stated in “*Annexure-XXVI of Related Party Transactions*” appearing under section titled “*Financial Information*” of the Company beginning on page 126 of this Draft Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

### **Interest in the property of Our Company**

Our Promoters have no interest in any property acquired or proposed to be acquired by our Company within the two years from the date of this Draft Prospectus.

### **Payment amounts or benefit to our Promoters during the last two years**

Except as stated in “*Financial Information*” on page 126 of this Draft Prospectus, no amount or benefit has been paid by our company to our promoters or the member of our promoter group since the incorporation of the company.

### **Other ventures of our Promoters**

Save and except as disclosed in the chapter titled “*Our Promoters and Promoter Group*” and “*Group Companies / Entities*” beginning on page 117 & 121 respectively of this Draft Prospectus, there are no ventures promoted by our Promoters in which they have any business interests/ other interests.

### **Litigation details pertaining to our Promoters**

For details on litigations and disputes pending against the Promoters and defaults made by the Promoters, please refer to the section titled “*Outstanding Litigations and Material Developments*” on page 155 of this Draft Prospectus.

### **Shareholding of the Promoters and Promoter Group in our Company**

Except as disclosed in chapter titled “*Capital Structure*”, none of the members of our Promoter Group hold any Equity Shares as on the date of filing of this Draft Prospectus.

### **Related Party Transactions**

For the transactions with our Promoter Group entities, please refer to chapter titled “*Related Party Transactions*” on page 124 of this Prospectus.

Except as stated in “*Related Party Transactions*” on page 124 of this Draft Prospectus, and as stated therein, our Promoters or any of the Promoter Group Entities do not have any other interest in our business.

### **Companies with which the Promoters are disassociated in the last three years**

Except as disclosed in the chapter titled ‘Risk Factor’ and ‘Outstanding Litigation and Other Material development’ beginning on page provided below, our Promoters have not disassociated themselves from any companies during the three years preceding the date of this Draft Prospectus.

<b>Sr. No.</b>	<b>Name of the disassociated entity</b>	<b>Reasons and circumstances leading to the disassociation and terms of disassociation</b>	<b>Date of Disassociation</b>
1.)	Armstrong Products Private Limited	Mr. Amit Kailash Khator resigned from the directorship as he was more occupied with management and operation of our Company	27-03-2017

### **Our Promoter Group**

In addition to the Promoters of our Company, the following individuals and entities form a part of the Promoter Group.

#### **1.) Individuals forming part of Promoter Group**

In terms of SEBI (ICDR) Regulations, the following immediate relatives, due to their relationship with our Promoters are part of our Promoter Group in terms of Regulation 2(1) (zb) (ii) of SEBI (ICDR) Regulations:

<b>Promoter/Promoter Group</b>	<b>Mr. Amit Kailash Khator</b>	<b>Mrs. Jasoda Kailash Khator</b>
Father	Mr. Kailashkumar Satyanarayan Khator	-
Mother	Mrs. Jasoda Kailash Khator	-
Spouse	Mrs. Bhawana Khator	Mr. Kailashkumar Satyanarayan Khator
Brother(s)	-	Mr. Somnath Malu Mr. Lakshman Malu Mr. Gaurishankar Malu
Sister(s)	Ms. Anisha Khator	Mrs. Bimla Gattani Mrs. Nirmala Sharda
Son	-	Mr. Amit Khator
Daughter(s)	-	Ms. Anisha Khator
Spouse Father	Mr. Bajrang Periwal	-
Spouse Mother	Mrs. Sadhana Periwal	-
Spouse Brother(s)	-	Mr. Ashok Khator Mr. Sunil Khator
Spouse Sister(s)	Ms. Perna Periwal Ms. Vedika Periwal	Mrs. Usha Kabra

Further, in terms of Regulation 2(1) (zb) (v) of SEBI (ICDR) Regulations, the following persons, whose shareholding is aggregated for the purpose of disclosing in this Draft Prospectus as Promoter Group under the “Shareholding Pattern of the Promoters and Promoter Group”, are part of Promoter Group:

- a) Ms. Bina Devi Khator
- b) Mrs. Sushila Khator

## 2.) Entities forming part of the Promoter Group

The following entities form part of our Promoter Group pursuant to the terms of Regulation 2(1) (zb) (iv) of SEBI (ICDR) Regulations:

- a) Khator Fibre and Fabrics Limited
- b) Kailash Khator HUF (Proprietor of Mahadev Synthetics)

## 3.) Payment of benefits to Promoter Group

No payment has been made or benefit given to our Promoter Group in the two years preceding the date of this Draft Prospectus except as mentioned / referred to in this chapter and in the chapter titled “*Our Management*”, “*Financial Information*” and “*Capital Structure*” on page nos. 107, 126 and 48 respectively of this Draft Prospectus

### Group Companies/Entities

Pursuant to the requirement of SEBI ICDR Regulations, the Group Companies includes entities covered under the applicable accounting standards, being AS 18 (as identified under the Restated Financial Statements) and also other entities as considered material by the Board of the Company.

As per Materiality Policy on Group Companies approved in the meeting of the Board of Directors of our company held on 9<sup>th</sup> July, 2018, the Group Company shall be considered material for the purpose of disclosure in this Draft Prospectus of the Company if such Company /Entity is included in the list of related parties under AS 18 (as identified under the restated financial statements) and such Company/entity is part of Promoter Group in terms of Regulation 2(1) (zb) (iv) of SEBI (ICDR) Regulations.

Sr. No.	Name of Entity	Status
1.)	Khator Fibre and Fabrics Limited	Listed Company
2.)	Mahadev Synthetics (Prop. Kailash Khator HUF)	Proprietorship Firm



## GROUP ENTITIES

In accordance with the provisions of the SEBI (ICDR) Regulations, for the purpose of identification of Group Companies, our Company has considered companies as covered under the applicable accounting standards, i.e. Accounting Standard 18 issued by the Institute of Chartered Accountant of India. Our Board vide a policy of materiality has resolved that except as mentioned in the list of related parties prepared in accordance with Accounting Standard 18 no other Company is material in nature.

### Listed Companies within our Promoter Group:

Khator Fibre and Fabrics Limited

### Unlisted Companies within our Promoter Group:

Nil

### Hindu Undivided Family

Kailash Khator HUF

Following are the details of our listed Group Companies:

### Khator Fibre and Fabrics Limited

#### *Corporate Information:*

Khator Fibre and Fabrics Limited was incorporated on May 2, 1986 as a public limited company. Currently, the Company is engaged in business of processing of textiles. The CIN of Khator Fibre and Fabrics Limited is L17124RJ1986PLC003629. The equity shares of Company were listed on Bombay Stock Exchange on April 26, 1994.

#### *Board of Directors:*

Sr. No.	Name of the Director	Designation
1)	Mr. Ashokkumar Satyanarayan Khator	Whole time Director & CFO
2)	Mr. Kailashkumar Satyanarayan Khator	Managing Director
3)	Mrs. Sunita Goyal	Director
4)	Mr. Mukesh Khandelwal	Director
5)	Mr. Dev Kumar Lohar	Director

#### *Shareholding as on date of this Draft Prospectus:*

Sr. No.	Particulars	No of Shares held	% of total Paid-up Capital
1.	Promoter and Promoter Group	17,72,700	41.71 %
3.	Public	24,77,300	58.29 %
	<b>TOTAL</b>	<b>42,50,000</b>	<b>100.00 %</b>

#### *Audited financial information:*

Particulars	(Rs. in Lakhs)		
	2017-18	2016-17	2015-16
Equity shares capital	421.09	421.09	421.09
Reserves and surplus	1052.19	988.20	927.70
Sales/Turnover (including, revenue from Integrated Skill Development Scheme and other income)	6898.40	6538.90	5852.73

Profit after Tax	65.34	60.50	59.52
Earnings per Share	1.55	1.42	1.40
Net asset value per share	34.98	33.47	32.03

### Nature and Extent of Interest of Promoters as on 31<sup>st</sup> March, 2018

Our Promoter, Amit Kailash Khator holds 27,800 Equity Shares of Rs. 10/- aggregating to 0.65% of the issued and paid up share capital of Khator Fibre and Fabrics Limited.

### Mechanism for investor redressal grievance

All shares related matters namely transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation dematerialization of shares, and issue of duplicate certificates, etc. are handled by Registrars and Transfer Agent, Sharex Dynamic (India) Pvt. Ltd.

There are no investor complaints pending as on the date of filing of this Draft Prospectus.

### Share price Information:

The details of the monthly high and low prices on the BSE during the preceding six months are as follows:

Month Year	Monthly Low	Monthly High
August, 2018	11.03	15.65
July, 2018	10.94	9.93
June, 2018	11.50	10.46
May, 2018	16.20	12.00
April, 2018	17.86	12.10
March, 2018	15.22	11.37

### Hindu Undivided Family

#### Kailash Khator HUF

<b>Date of Incorporation</b>	04/12/1989
<b>Karta</b>	Kailashkumar S Khator
<b>Address</b>	Plot 12A, MIDC, Saravali, Bhiwandi Kalyan Road, Bhiwandi Dist : Thane – 421302
<b>Members</b>	Jasoda Kailash Khator (Wife), Amit Kailash Khator (Son) , Anisha Khator (Daughter)
<b>Permanent Account Number</b>	AAFHK4911B

### Financial information (Unaudited):

Particulars	2017-18	2016-17	(Rs. in Lakhs) 2015-16
Capital Account	27.55	24.79	25.84
Sales/ Turnover	30.48	46.97	38.84
Profit after Tax	2.72	4.21	4.96

### **Related Party Transactions**

For details on related party transactions please refer to '*Financial Statements, as Restated-Annexure-XXVI-Restated Statement of Related Parties Transactions*' on page 124 of this Draft Prospectus.

### **Defunct /Struck-off Company:**

None of our Group Companies have remained defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing the Draft Prospectus with Stock Exchange.

### **Other Disclosures:**

- 1) None of our Group Companies are under any winding up proceedings.
- 2) None of our Group Companies have negative Net Worth as per the last audited financial statements mentioned herein.
- 3) None of our Group Companies have any interest in the promotion of our Company.

### **Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company**

For details, please see '*Financial Statements, as restated- Annexure XXVI-Restated Statement of Related Parties Transactions*' on page 124 of this Draft Prospectus.

### ***Unsecured Loans extended to our Company, by our Company***

For details, please refer to the chapters titled *Financial Statements, as restated – Annexure XXVI – Restated Statement of Related Parties Transactions* on page 124

## **RELATED PARTY TRANSACTIONS**

For details on Related Party Transactions of our Company, please refer to *Annexure-XXVI* of Restated Financial Statement under the section titled '*Financial Statements*' beginning on page 126 of this Draft Prospectus.

## **DIVIDEND POLICY**

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The Shareholders of our Company have the right to decrease not to increase the amount of dividend recommended by the Board of Directors. The Dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous financial years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

## SECTION VI-FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

**Report of auditors on the restated summary statement of Assets and Liabilities as at March 31 2018, 2017, 2016, 2015, and 2014, and Profits and Losses and Cash Flows for each of the years ended March 31, 2018, 2017, 2016, 2015, and 2014 for Khator Technical Textiles Limited (Formally known as Khator Technical Textiles Private Limited)**

To,  
The Board of Directors,  
Khator Technical Textiles Limited (Formally known as Khator Technical Textiles Private Limited)

Dear Sir,

We have examined the attached restated summary statement of assets and liabilities of **Khator Technical Textiles Limited (Formally known as Khator Technical Textiles Private Limited)**, (hereinafter referred to as “**the Company**”) as on March 31, 2018, 2017, 2016, 2015 and 2014, Restated Summary Statement of Profit and Loss and Restated Summary Statement of Cash Flows for the period ended on March 31, 2018, 2017, 2016, 2015 and 2014 (collectively referred to as the “**Restated Summary Statements**” or “**Restated Financial Statements**”) annexed to this report and initialed by us for identification purposes. These restated financial statements have been prepared by the management of the Company and approved by the Board of Directors of the company in connection with the Initial Public Offering (IPO) on SME Platform of National Stock Exchange (“NSE”).

- 1.) These restated summary statements have been prepared in accordance with the requirements of:
  - (i) Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 (“the Act”) read with Companies (Prospectus and Allotment of Securities) Rules 2014;
  - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (“**ICDR Regulations**”) and related amendments / clarifications from time to time issued by the Securities and Exchange Board of India (“**SEBI**”)
- 2.) We have examined such restated financial statements taking into consideration:
  - (i) The terms of reference to our engagement letter with the **Khator Technical Textiles Limited (Formally known as Khator Technical Textiles Private Limited)**, (hereinafter referred to as “**the Company**”) requesting us to carry out the assignment, in connection with the Prospectus/ Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in SME Platform of National Stock Exchange (“**IPO**” or “**SME IPO**”); and
  - (ii) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (“**Guidance Note**”).
- 3.) The restated financial statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the year ended March 31 2018, 2017, 2016, 2015 and 2014.
- 4.) In accordance with the requirements of the Act including the rules made there under, ICDR Regulations, Guidance Note and Engagement Letter, we report that:
  - i. The “**Restated Statement of Asset and Liabilities**” of the Company as on March 31 2018, 2017, 2016, 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 Statement of Profit and Loss**” of the Company for the period ended on March 31 2018, 2017, 2016, 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 statement of cash flows**” of the Company for the period ended on March 31 2018, 2017, 2016, 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.
- 5.) Based on our examination, we are of the opinion that the restated financial statements have been prepared:
- a) Using consistent accounting policies for all the reporting periods.
  - b) Adjustments for prior period and other material amounts in the respective financial years to which they relate.
  - c) There are no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.
  - d) The qualifications pointed by the auditors for the period ended on March 31, 2017, 2016, 2015 and 2014 has been addressed and necessary adjustments has been made in restated financial statements:
- In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- 6.) Audit for the period ended on March 31 2018, 2017, 2016, 2015 and 2014 was conducted by us and the financial reports for these periods have been included herewith.
- 7.) 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 period ended on March 31, 2018, 2017, 2016, 2015 and 2014 proposed to be included in the Prospectus / Prospectus (“**Offer Document**”).

**Annexure to restated financial statements of the Company:**

- Summary Statement Of Assets And Liabilities, as restated as appearing in ANNEXURE I to this report;
- Summary Statement Of Profit And Loss, as restated as appearing in ANNEXURE II to this report;
- Summary Statement Of Cash Flow as restated as appearing in ANNEXURE III to this report;
- Significant Accounting Policies as restated as appearing in ANNEXURE IV to this report;
- Details of Share Capital as restated as appearing in ANNEXURE V to this report;
- Details of Reserves And Surplus as restated as appearing in ANNEXURE VI to this report;
- Details of Long Term Borrowings as restated as appearing in ANNEXURE VII to this report;
- Details of Long Term Provisions as restated as appearing in ANNEXURE VIII to this report;
- Details of Deferred Tax Asset/Liability as restated as per ANNEXURE IX to this report;
- Details of Short Term Borrowings as restated as appearing in ANNEXURE X to this report;
- Details of Trade Payables as restated as appearing in ANNEXURE XI to this report;
- Details of Other Current Liabilities as restated as appearing in ANNEXURE XII to this report;
- Details of Short Term Provisions as restated as appearing in ANNEXURE XIII to this report;
- Details of Fixed Assets as restated as appearing in ANNEXURE XIV to this report;
- Details of Long Term Loans And Advances as restated as appearing in ANNEXURE XV to this report;
- Details of Trade Receivables as restated as appearing in ANNEXURE XVI to this report;
- Details of Cash & Cash Equivalents as restated as appearing in ANNEXURE XVII to this report;

- Details of short Term Loans & Advances as restated as appearing in ANNEXURE XVIII to this report;
  - Details of Other Current Assets as restated as appearing in ANNEXURE XIX to this report;
  - Details of Other Non-Current Assets as restated as appearing in ANNEXURE XX to this report;
  - Details of Inventories as restated as appearing in ANNEXURE XXI to this report;
  - Details of Revenue From Operations as restated as appearing in ANNEXURE XXII to this report;
  - Details of Other Income as restated as appearing in ANNEXURE XXIII to this report;
  - Details of Raw Material Consumed as restated appearing in ANNEXURE XXIV to this report;
  - Details of Changes in Inventories and Expenses as restated as appearing in ANNEXURE XXV to this report;
  - Details of Related Party Transactions as restated as appearing in ANNEXURE XXVI to this report;
  - Summary of Significant Accounting Ratios as restated as appearing in ANNEXURE XXVII to this report;
  - Capitalization Statement as at March 31, 2018 as restated as appearing in ANNEXURE XXVIII to this report, except post issue figures, which is not yet finalized;
  - Statement of Tax Shelters as restated as appearing in ANNEXURE XXIX to this report;
- 8.) 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.
- 9.) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 10.) In our opinion, the above financial information contained in Annexure I to XXVII of this report 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.
- (a.) Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

**For S. R. Goyal & Co.**  
**Chartered Accountants**  
**FR No. : 001537C**

**Place: Jaipur**  
**Date: 16.08.2018**

**A.K. Atolia**  
**(Partner)**  
**M. No. : 077201**

**Annexure-I**  
**Statement of Assets and Liabilities, as Restated**

(₹ In Lakhs)

Particulars	As at March 31				
	2018	2017	2016	2015	2014
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
(a) Share Capital	355.43	88.86	88.86	88.86	80.00
(b) Reserves & Surplus	251.18	280.71	157.17	118.60	(3.64)
<b>Share Application Money Pending Allotment</b>	-	-	-	-	130.19
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	1,352.56	1,390.67	1,531.04	1,534.91	1,480.00
(b) Long term provision	3.26	2.07	1.09	0.43	0.06
(c) Other Long Term Liabilities	-	-	-	-	-
(d) Deferred Tax Liability(Net)	79.26	34.74	16.26	-	-
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	577.25	499.04	407.14	171.09	-
(b) Trade Payables	517.01	398.85	230.70	179.33	58.30
(c) Other Current Liabilities	2.27	0.84	2.43	1.70	2.76
(d) Short-Term Provisions	78.40	43.13	22.34	7.42	3.48
<b>T O T A L</b>	<b>3,216.62</b>	<b>2,738.91</b>	<b>2,457.04</b>	<b>2,102.33</b>	<b>1,751.15</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets					
- Tangible Assets	1,503.24	1,424.99	1,486.28	1,517.20	1,545.71
- Intangible Assets	-	-	-	-	-
- Capital Work in Progress	-	-	-	-	-
(b) Non-Current Investments	-	-	-	-	-
(c) Deferred Tax Assets (Net)	-	-	-	1.28	1.69
(d) Long Term Loans And Advances	-	-	-	-	-
(e) Other Non-Current Assets	-	-	-	-	-
<b>Current Assets</b>					
(a) Inventories	359.04	326.66	136.78	77.68	42.25
(b) Trade Receivables	590.92	522.06	492.16	314.72	57.86
(c) Cash and Cash Equivalents	108.66	105.00	120.22	77.55	62.41
(d) Short Term Loans & Advances	85.47	90.27	11.85	5.85	5.85
(e) Other Current Assets	569.29	269.93	209.74	108.06	35.38
<b>T O T A L</b>	<b>3,216.62</b>	<b>2,738.91</b>	<b>2,457.04</b>	<b>2,102.33</b>	<b>1,751.15</b>

**Annexure-II**  
**Statement of Profit & Loss, as Restated**

(₹ In Lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Revenue:</b>					
Revenue From Operations (Net of Taxes)	2,583.90	2,375.13	1,954.19	1,069.80	37.86
Other Income	117.10	97.24	136.86	89.46	0.03
<b>Total Revenue</b>	<b>2,701.00</b>	<b>2,472.37</b>	<b>2,091.05</b>	<b>1,159.26</b>	<b>37.89</b>
<b>Expenses:</b>					
Cost of Material Consumed	1,567.59	1,501.31	1,339.29	666.79	25.03
Changes in inventories of finished goods	(12.38)	4.28	(27.89)	(28.43)	-
Operating Expenses	345.17	307.62	247.44	149.67	5.31
Employee benefit expenses	108.13	109.27	91.41	67.70	0.53
Financial Cost	179.96	194.96	209.98	155.77	6.15
Depreciation and amortization expenses	94.12	89.73	88.63	83.68	2.70
Others Expenses	92.40	112.37	76.48	53.79	3.07
Directors Remuneration	10.80	10.80	9.60	9.00	0.34
Preliminary expenses W/o	-	-	-	-	0.08
<b>Total Expenses</b>	<b>2,385.79</b>	<b>2,330.35</b>	<b>2,034.94</b>	<b>1,157.96</b>	<b>43.22</b>
<b>Profit before exceptional ,extraordinary items and tax</b>	<b>315.21</b>	<b>142.02</b>	<b>56.11</b>	<b>1.30</b>	<b>(5.33)</b>
Less: Exceptional Items	-	-	-	-	-
<b>Profit before extraordinary items and tax (A-B)</b>	<b>315.21</b>	<b>142.02</b>	<b>56.11</b>	<b>1.30</b>	<b>(5.33)</b>
Prior Period Items	-	-	-	-	-
Extra ordinary items	-	-	-	-	-
<b>Profit before tax</b>	<b>315.21</b>	<b>142.02</b>	<b>56.11</b>	<b>1.30</b>	<b>(5.33)</b>
Tax expense :					
Current tax	63.99	27.25	10.82	0.32	-
Deferred Tax	44.51	18.49	17.54	0.41	(1.69)
MAT credit Entitlement	(30.34)	(27.25)	(10.82)	(0.32)	-
<b>Profit/(Loss) for the period After Tax-PAT</b>	<b>237.05</b>	<b>123.54</b>	<b>38.57</b>	<b>0.89</b>	<b>(3.64)</b>

**Annexure-III**  
**Statement of Cash Flow, as Restated**

(₹ In Lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Cash Flow From Operating Activities:</b>					
Net Profit before tax as per Profit And Loss A/c	315.21	142.02	56.11	1.30	(5.33)
<b>Adjustments for:</b>	-	-	-	-	
Depreciation & Amortisation Expense	94.12	89.73	88.63	83.68	2.70
Finance Cost	179.96	194.96	209.98	155.77	6.15
Miscellaneous Income	(117.10)	(97.24)	(136.86)	(89.46)	(0.03)
Written Off	-	-	-	(0.65)	
Gratuity Expenses	1.18	0.98	0.66	0.37	0.06
Bonus Expense	0.69				
<b>Operating Profit Before Working Capital Changes</b>					
Adjusted for (Increase)/ Decrease in:					
Short term provision					
Trade Receivables	(68.86)	(29.90)	(177.45)	(256.85)	(57.86)
Current Investments	-	-	(0.32)	-	
Inventories	(32.38)	(189.88)	(59.10)	(35.43)	(42.25)
Other current assets	(299.36)	(60.19)	(90.94)	(72.75)	(35.38)
Short Term Loans and Advances	-	-	-	-	(5.85)
Trade Payables	118.15	168.15	51.37	121.03	58.30
Other Current Liabilities	1.43	(1.59)	0.73	(1.06)	2.76
Provision	34.59	20.78	4.51	4.02	3.48
Short term Borrowing	78.21	91.90	236.05	171.09	-
<b>Cash Generated From Operations</b>					
MAT Credit Entitlement	30.34	27.25			-
Net Income Tax paid/ refunded	(63.99)	(27.25)			-
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>272.21</b>	<b>329.72</b>	<b>183.37</b>	<b>81.04</b>	<b>(73.25)</b>
<b>Cash Flow From Investing Activities:</b>					
Net (Purchases)/Sales of Fixed Assets (including capital work in progress)	(172.37)	(28.44)	(57.71)	(155.70)	(1,548.40)
Interest Income	117.10	97.24	136.86	89.46	0.03
Net (Increase)/Decrease in Long Term Loans & Advances					
Non Current Investment Purchased					-
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>(55.27)</b>	<b>68.80</b>	<b>79.15</b>	<b>(66.24)</b>	<b>(1,548.38)</b>
<b>Cash Flow from Financing Activities:</b>					
Proceeds From issue of Share Capital					80.00
Share application money from pending allotment					130.19
Net Increase/(Decrease) in Long Term Borrowings	(38.11)	(140.38)	(3.87)	54.91	1,480.00
Net Increase/(Decrease) in Govt Subsidy	-	-	-	101.19	
Net Increase/(Decrease) in Loan and Advances	4.80	(78.42)	(6.00)	-	
Interest on Borrowings	(179.96)	(194.96)	(209.98)	(155.77)	(6.15)
<b>Net Cash Flow from/(used in) Financing Activities (C)</b>	<b>(213.27)</b>	<b>(413.75)</b>	<b>(219.84)</b>	<b>0.33</b>	<b>1,684.04</b>

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	3.67	(15.23)	42.68	15.14	62.41
Cash & Cash Equivalents As At Beginning of the Year	105.00	120.22	77.55	62.41	-
Cash & Cash Equivalents As At End of the Year	108.66	105.00	120.22	77.55	62.41



## **Annexure-IV A**

### **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

#### **1. System of Accounting:**

The accounts have been prepared using historical cost convention and on the basis of going concern with revenues recognised and expenses accounted on accrual basis.

#### **2. Recognition of Income and Expenses**

Revenue is recognized and expenses are accounted on accrual basis

#### **3. Basis of Presentation**

These financial statements have been prepared in accordance with the Generally Accepted accounting Principles in India('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act,2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant Provisions of the Companies Act, 2013.

#### **4. Fixed assets:-**

Fixed Assets are stated at cost less accumulated depreciation in the books of accounts. The Fixed Assets are capitalized at cost inclusive of legal and/or Installation expenses. The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

#### **5. Depreciation**

The Depreciation of Fixed Assets is charged on straight line method and Consequent to the enactment of the Companies act 2013 (the act ) and its applicability from 1st April 2014, the remaining useful life of fixed assets have been reassessed in accordance with provisions prescribed under Schedule II of the act, in case of assets which have completed their useful life, the carrying value as at 1st April 2014 has been recognized in retained earnings and the other assets have been depreciated over the revised useful life.

#### **6. Government Grant**

Grant received against specific fixed assets are adjusted to the assets. Revenue Grant are recognized in the profit & loss Statement in accordance with the related scheme and in the period in which these are accrued.

#### **7. Taxation**

Income-tax expenses comprise current tax and deferred tax charged on credit. Provision for Current tax is made on the basis of assessable income at the tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet Date. Deferred tax assets arising mainly on account of brought forwarded losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by Convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each balance sheet date, the carrying amount of deferred tax assets is reviewed to reassure realization

**Annexure-IV B**
**Reconciliation of Restated Profit**
*(₹ In Lakhs)*

Adjustments for	For the year ended March 31,				
	2018	2017	2016	2015	2014
Net Profit/(Loss) after Tax as per Audited Profit & Loss Account	235.47	124.20	38.94	0.95	(3.64)
<b>Adjustments for:</b>	-	-	-	-	-
Provision for Bonus	(0.69)	-	-	-	-
Provision for Gratuity	2.07	(0.98)	(0.66)	(0.37)	(0.06)
Depreciation	-	-	-	-	-
Other Expenses	-	-	-	-	-
Prior Period Expenses	-	-	-	-	-
Short/Excess Provision for Tax	-	-	-	-	-
Short/Excess Provision of Deferred Tax	0.20	0.32	0.29	0.31	0.06
Income Tax relating to earlier year	-	-	-	-	-
<b>Net Profit/ (Loss) After Tax as Restated</b>	<b>237.05</b>	<b>123.54</b>	<b>38.57</b>	<b>0.89</b>	<b>(3.64)</b>

**Annexure-V**
**Details of Share Capital:**
*(₹ In Lakhs)*

Particulars	For the year ended March 31				
	2018	2017	2016	2015	2014
<b>Equity Share Capital :</b>					
<b>Authorized:</b>					
Equity Shares of Rs. 10 each	400.00	100.00	100.00	100.00	100.00
<b>Issued, Subscribed and Paid Up:</b>					
Equity Shares of Rs. 10 each	355.43	88.86	88.86	88.86	80.00

Reconciliation of number of shares outstanding at the end of the year:

Equity Shares at the beginning of the year	8.89	8.89	8.89	8.00	-
Add: Shares issued during the year	-	-	-	0.89	8.00
Add: Bonus shares issued during the year	26.66	-	-	-	-
<b>TOTAL</b>	<b>35.54</b>	<b>8.89</b>	<b>8.89</b>	<b>8.89</b>	<b>8.00</b>

Details of Shareholders holding more than 5% of the aggregate shares of the Company:

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
Amit Khator	19.40	4.85	4.85	4.85	4.85
Jasoda Khator	12.40	3.10	3.10	3.10	3.10
Ashish Shukla	3.54	0.89	0.89	0.89	-

**Annexure-VI**
**Details of Reserves and Surplus**
*(₹ In Lakhs)*

Particulars	As at March 31				
	2018	2017	2016	2015	2014
<b>Capital Reserve</b>	-	-	-	-	-
<b>Security Premium</b>	-	121.35	121.35	121.35	-
<b>Profit &amp; Loss Account</b>					
<b>Opening Balance</b>	159.36	35.82	(2.75)	(3.64)	-
Profit/(loss) for the year	237.05	123.54	38.57	0.89	(3.64)
Proposed Dividend	-	-	-	-	-

Particulars	As at March 31				
	2018	2017	2016	2015	2014
Bonus Shares Issued	145.23	-	-	-	-
Transfer to reserve	-	-	-	-	-
<b>Closing Balance</b>	<b>251.18</b>	<b>159.36</b>	<b>35.82</b>	<b>(2.75)</b>	<b>(3.64)</b>
<b>TOTAL</b>	<b>251.18</b>	<b>280.71</b>	<b>157.17</b>	<b>118.60</b>	<b>(3.64)</b>

Share Application money pending allotment

Particular	As at March 31				
	2018	2017	2016	2015	2014
Share Application money pending allotment	-	-	-	-	130.19
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130.19</b>

#### Annexure-VII

##### Details of Long Terms Borrowings

(₹ In Lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>From Banks/Financial Institutions (Secured)</b>					
Loan From CBI	797.45	860.58	1,073.22	1,232.01	1,268.70
Loan From Kotak Mahindra	0.26	3.23	5.91	-	-
<b>Loans and advances (Unsecured)</b>					
Loan From Directors	32.51	32.72	72.12	65.10	52.00
Loan From others	522.34	494.14	379.79	237.80	159.30
<b>TOTAL</b>	<b>1,352.56</b>	<b>1,390.67</b>	<b>1,531.04</b>	<b>1,534.91</b>	<b>1,480.00</b>

#### Annexure-VIII

##### Details of Long term Provisions

(₹ In Lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Provision for employee benefits</b>					
Gratuity Liability	3.26	2.07	1.09	0.43	0.06
Less: Transfer to short term provision	-	-	-	-	-
<b>TOTAL</b>	<b>3.26</b>	<b>2.07</b>	<b>1.09</b>	<b>0.43</b>	<b>0.06</b>

#### STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

Name of Lender	Purpose	Sanctioned Amount (Rs.)	Rate of interest	Securities offered
Central Bank Of India	Term Loan	899.00	Base Rate+3.50% p.a.	(i)(Hypothecation by way of first charge in favour of the Bank) Secured by first charge on Land, Factory Building, Plant & Machinery and other project assets at Survey No 166,Plot No 3&4, village naroli,near kanadi phatak,Silavasa, Dadra and Nagra Haveli , created out of existing Term loan.  (ii)Personal guarantees of Directors Kailash

				Khator and Amit khator for the same.
Central Bank Of India	Cash Credit	300.00	Base Rate+3.00% p.a.	(i)Hypothecation of entire present and future current assets of company (ii) Collateral security of extension of charge on fixed assets already offered as primary security for term loan sanctioned by the bank.
Central Bank Of India	Packing Credit (with 100% Interchangibility of PC to CC)	200.00		

**Annexure-IX**  
**Details of Deferred Tax Asset/Liability**

(₹ In Lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Opening Balance of Deferred Tax (Asset) / Liability</b>	<b>34.74</b>	<b>16.26</b>	<b>(1.28)</b>	<b>(1.69)</b>	<b>-</b>
(DTA) / DTL on Depreciation	101.13	107.16	88.36	62.33	29.71
(DTA) on Carry Forward Losses/Unabsorbed depreciation	(20.69)	(71.44)	(71.44)	(63.24)	(31.33)
(DTA) / DTL on Provision for Gratuity	(1.18)	(0.98)	(0.66)	(0.37)	(0.06)
<b>Closing Balance of Deferred Tax (Asset) / Liability</b>	<b>79.26</b>	<b>34.74</b>	<b>16.26</b>	<b>(1.28)</b>	<b>(1.69)</b>
<b>Changes made to P&amp;L</b>	<b>44.51</b>	<b>18.49</b>	<b>17.54</b>	<b>0.41</b>	<b>(1.69)</b>

**Annexure-X**  
**Details of Short Term Borrowing:**

(₹ In Lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Secured Loans:</b>					
Cash Credit I From CBI	416.95	385.22	184.12	171.09	-
EPC From CBI	85.48	113.81	181.01	-	-
Ad-Hoc From CBI	74.82	-	-	-	-
Cash Credit II From CBI	-	-	42.00	-	-
<b>TOTAL</b>	<b>577.25</b>	<b>499.04</b>	<b>407.14</b>	<b>171.09</b>	<b>-</b>

**Annexure-XI**  
**Details of Trade Payables:**

(₹ In Lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Sundry creditors for raw material	287.42	308.36	179.53	144.13	35.88
Creditors for others	229.58	90.49	51.17	35.20	22.42
<b>TOTAL</b>	<b>517.01</b>	<b>398.85</b>	<b>230.70</b>	<b>179.33</b>	<b>58.30</b>

**Annexure-XII**  
**Details of Other Current Liabilities:**

(₹ In Lakhs)

Particulars	As at March 31				
	2018	2017	2016	2015	2014
TDS Payable	1.37	0.54	2.13	1.40	2.51
Audit Fees payable	0.90	0.30	0.30	0.30	0.25
<b>TOTAL</b>	<b>2.27</b>	<b>0.84</b>	<b>2.43</b>	<b>1.70</b>	<b>2.76</b>

# Annexure-XIII

## Details of Short Term Provision:

(₹ In Lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Provision for Taxation	63.99	27.25	10.74	0.32	0.40
Provision for Bonus	0.69				
Provision for Expenses	13.73	15.88	11.60	7.10	3.08
<b>TOTAL</b>	<b>78.40</b>	<b>43.13</b>	<b>22.34</b>	<b>7.42</b>	<b>3.48</b>

# Annexure-XIV

## Details of Fixed Assets: FY 2013-2014

(₹ In Lakhs)

Particulars	Gross Block					Depreciation				Net Block	
	Balance as at April 01, 2013	Additions	Deduction during the year	Balance as at March 31, 2014	Balance as at April 01, 2013	Depreciation charge for the year	Adjustments	On Disposals	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at March 31, 2013
Computer	-	1.91	-	1.91	-	0.02	-	-	0.02	1.89	-
Factory Building	-	147.17	-	147.17	-	0.39	-	-	0.39	146.78	-
Land	-	185.40	-	185.40	-	-	-	-	-	185.40	-
Furniture & Fixtures	-	5.85	-	5.85	-	0.02	-	-	0.02	5.83	-
LCD	-	0.40	-	0.40	-	0.00	-	-	0.00	0.40	-
Mobile	-	0.24	-	0.24	-	0.00	-	-	0.00	0.24	-
Motor Vehicle	-	22.79	-	22.79	-	0.04	-	-	0.04	22.74	-
Plant and Machinery	-	1,184.64	-	1,184.64	-	2.22	-	-	2.22	1,182.42	-
<b>TOTAL</b>	-	<b>1,548.40</b>	-	<b>1,548.40</b>	-	<b>2.70</b>	-	-	<b>2.70</b>	<b>1,545.71</b>	-

## FY 2014-2015

Particulars	Gross Block					Depreciation				Net Block	
	Balance as at April 01, 2014	Additions	Deduction during the year	Balance as at March 31, 2015	Balance as at April 01, 2014	Depreciation charge for the year	Adjustments	Balance as at March 31, 2015	Government Subsidy	Balance as at March 31, 2015	Balance as at March 31, 2014
Computer	1.91	4.17	-	6.08	0.02	1.15	-	1.17	-	4.90	1.89
Factory Building	147.17	99.74	-	246.91	0.39	6.85	-	7.25	-	239.67	146.78
Land	185.40	-	-	185.40	-	-	-	-	-	185.40	185.40
Furniture & Fixtures	5.85	4.22	-	10.07	0.02	0.75	-	0.77	-	9.30	5.83
LCD	0.40	-	-	0.40	0.00	0.13	-	0.13	-	0.27	0.40
Mobile	0.24	0.24	-	0.48	0.00	0.13	-	0.13	-	0.35	0.24
Motor Vehicle	22.79	14.25	-	37.03	0.04	4.35	-	4.40	-	32.64	22.74
Plant and Machinery	1,184.64	27.75	-	1,212.40	2.22	69.33	-	71.55	101.19	1,039.66	1,182.42
Office Equipment	-	1.28	-	1.28	-	0.12	-	0.12	-	1.16	-
Ramp Equipment	-	4.04	-	4.04	-	0.20	-	0.20	-	3.85	-
<b>TOTAL</b>	<b>1,548.40</b>	<b>155.70</b>	-	<b>1,704.10</b>	<b>2.70</b>	<b>83.02</b>	-	<b>85.72</b>	<b>101.19</b>	<b>1,517.20</b>	<b>1,545.71</b>

## FY 2015-2016



Particulars	Gross Block				Depreciation					Net Block	
	Balance as at April 01, 2015	Additions	Deduction during the year	Balance as at March 31, 2016	Balance as at April 01, 2015	Depreciation charge for the year	Adjustments	Balance as at March 31, 2016	Government Subsidy	Balance as at March 31, 2016	Balance as at March 31, 2015
Computer	6.08	1.48		7.56	1.17	2.26		3.43		4.12	4.90
Factory Building	246.91	11.65	-	258.56	7.25	8.08	-	15.33		243.23	239.67
Land	185.40	-	-	185.40	-	-	-	-		185.40	185.40
Furniture & Fixtures	10.07	1.17	-	11.24	0.77	0.98	-	1.75		9.49	9.30
LCD	0.40	-	-	0.40	0.13	0.13	-	0.26		0.14	0.27
Mobile	0.48	0.75	-	1.24	0.13	0.34	-	0.46		0.77	0.35
Motor Vehicle	37.03	9.29	-	46.32	4.40	4.85	-	9.24		37.08	32.64
Plant and Machinery	1,212.40	31.43	-	1,243.82	71.55	71.21	-	142.76	101.19	999.87	1,039.66
Office Equipment	1.28	1.95	-	3.23	0.12	0.53	-	0.65		2.58	1.16
Ramp Equipment	4.04	-	-	4.04	0.20	0.26	-	0.45		3.59	3.85
<b>Total</b>	<b>1,704.10</b>	<b>57.71</b>	<b>-</b>	<b>1,761.82</b>	<b>85.72</b>	<b>88.63</b>	<b>-</b>	<b>174.33</b>	<b>101.19</b>	<b>1,486.28</b>	<b>1,517.20</b>

**FY 2016-2017**

Particulars	Gross Block					Depreciation				Net Block	
	Balance as at April 01, 2016	Additions	Deduction during the year	Balance as at March 31, 2017	Balance as at April 01, 2016	Depreciation charge for the year	Adjustments	Balance as at March 31, 2017	Government Subsidy	Balance as at March 31, 2017	Balance as at March 31, 2016
Computer	7.56	0.36	-	7.92	3.43	2.33	-	5.76	-	2.16	4.12
Factory Building	258.56	1.33	-	259.89	15.33	8.10	-	23.43	-	236.46	243.23
Land	185.40	-	-	185.40	-	-	-	-	-	185.40	185.40
Furniture & Fixtures	11.24	4.04	-	15.29	1.75	1.18	-	2.93	-	12.35	9.49
LCD	0.40	-	-	0.40	0.26	0.13	-	0.38	-	0.02	0.14
Mobile	1.24	0.22	-	1.46	0.46	0.39	-	0.85	-	0.60	0.77
Motor Vehicle	46.32	-	-	46.32	9.24	4.85	-	14.09	-	32.23	37.08
Plant and Machinery	1,243.82	22.33	-	1,266.15	142.76	71.95	-	214.71	101.19	950.25	999.87
Office Equipment	3.23	0.15	-	3.38	0.65	0.55	-	1.20	-	2.18	2.58

Ramp Equipment	4.04	-	-	4.04	0.45	0.26	-	0.71	-	3.34	3.59
<b>TOTAL</b>	<b>1,761.82</b>	<b>28.44</b>	<b>-</b>	<b>1,790.26</b>	<b>174.35</b>	<b>89.73</b>	<b>-</b>	<b>264.08</b>	<b>101.19</b>	<b>1,424.99</b>	<b>1,486.28</b>

**FY 2017-2018**

Particulars	Gross Block					Depreciation				Net Block	
	Balance as at April 01, 2017	Additions	Deduction during the year	Balance as at March 31, 2018	Balance as at April 01, 2017	Depreciation charge for the year	Adjustments	Balance as at March 31, 2018	Government Subsidy	Balance as at March 31, 2018	Balance as at March 31, 2017
Computer	7.92	0.17		8.09	5.76	1.80		7.56		0.54	2.16
Factory Building	259.89	0.48	-	260.37	23.43	8.13	-	31.56		228.81	236.46
Land	185.40	-	-	185.40	-	-	-	-		185.40	185.40
Furniture & Fixtures	15.29	1.68	-	16.96	2.93	1.43	-	4.36		12.61	12.35
LCD	0.40	-	-	0.40	0.38	-	-	0.38		0.02	0.02
Mobile	1.46	-	-	1.46	0.85	0.39	-	1.24		0.22	0.60
Motor Vehicle	46.32	-	-	46.32	14.09	4.85	-	18.94		27.39	32.23
Plant and Machinery	1,266.15	168.90	-	1,435.05	214.71	76.34	-	291.05	101.19	1,042.81	950.25
Office Equipment	3.38	1.13	-	4.51	1.20	0.74	-	1.95		2.57	2.18
Ramp Equipment	4.04	-	-	4.04	0.71	0.45	-	1.16		2.88	3.34
<b>TOTAL</b>	<b>1,790.26</b>	<b>172.37</b>	<b>-</b>	<b>1,962.62</b>	<b>264.08</b>	<b>94.12</b>	<b>-</b>	<b>358.19</b>	<b>101.19</b>	<b>1,503.24</b>	<b>1,424.99</b>

**Annexure-XV**
**Details of Long Term Loans and Advances:**
*(₹ In Lakhs)*

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Security Deposits</b>					
Security Deposits (with Govt, public and other)	-	-	-	-	-
Retention money receivable	-	-	-	-	-
Advance Tax (Net of provision)	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-

**Annexure-XVI**
**Details of Trade Receivables:**
*(₹ In Lakhs)*

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Outstanding for a period more than 6 months from date they are due for payment	62.12	-	-	-	-
Other Trade Receivable	528.80	522.06	492.16	314.72	57.86
<b>TOTAL</b>	<b>590.92</b>	<b>522.06</b>	<b>492.16</b>	<b>314.72</b>	<b>57.86</b>

**Annexure-XVII**
**Details of Cash & Cash Equivalents:**
*(₹ In Lakhs)*

Particulars	As at March 31				
	2018	2017	2016	2015	2014
<b>Balance with Scheduled Bank</b>					
Central Bank of India (M)	7.57	0.11	10.58	0.40	18.82
Central Bank of India (S)	1.57	0.65	0.41	0.04	0.25
State Bank of India	1.46	0.80	8.31	0.05	-
ICICI Bank	0.11	0.04	0.15	-	-
<b>Total</b>	<b>10.71</b>	<b>1.60</b>	<b>19.45</b>	<b>0.49</b>	<b>19.06</b>
<b>Cash In Hand</b>	0.43	0.31	11.61	7.93	5.65
<b>Deposits with Banks</b>	-	-	-	-	-
FDR for LC Margin	9.73	16.05	-	-	-
Others FDRS	39.79	39.03	85.16	69.13	37.70
RD with Banks	48.00	48.00	4.00	-	-
<b>TOTAL</b>	<b>108.66</b>	<b>105.00</b>	<b>120.22</b>	<b>77.55</b>	<b>62.41</b>

**Annexure-XVIII**
**Details of Short Term Loan and Advances:**
*(₹ In Lakhs)*

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Advance Recoverable in Cash or in Kind or for value to be received or adjusted	83.17	83.17	6.00	-	-
Security Deposit (DNH EB)	2.30	7.10	5.85	5.85	5.85
<b>TOTAL</b>	<b>85.47</b>	<b>90.27</b>	<b>11.85</b>	<b>5.85</b>	<b>5.85</b>

**Annexure-XIX**
**Details of Other Current Assets:**
*(₹ In Lakhs)*

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Advances To Suppliers	292.91	178.12	111.32	30.00	34.73
Vat Receivable	29.58	26.82	18.76	10.19	-
Duty Drawback receivables	4.65	3.75	13.06	29.22	-
TUFS Interest receivable	18.92	21.23	46.06	37.85	-
TDS Receivable A.Y. 2018-19	0.66	-	0.67	0.47	-
TDS Receivable A.Y. 2017-18	-	0.82	-	-	-
Duties & Taxes(Advance Tax)	10.00	-	8.00	-	-
MAT Credit	68.73	38.39	11.06	0.32	-
Prepaid Expenses	0.79	0.80	0.81	-	-
DGFT DD Charge Receivable	0.07	-	-	-	-
Other Assets	-	-	-	-	0.33
Preliminary Expenses	-	-	-	-	0.33
GST Credit	43.83	-	-	-	-
GST Refundable	98.35	-	-	-	-
Advance Salary To Director	0.81	-	-	-	-
<b>Total</b>	<b>569.29</b>	<b>269.93</b>	<b>209.74</b>	<b>108.06</b>	<b>35.38</b>

**Annexure-XX**
**Details of Other Non- Current Assets:**
*(₹ In Lakhs)*

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Deposits	-	-	-	-	-
Preliminary Expenses	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure-XXI**
**Details of Inventories:**
*(₹ In Lakhs)*

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Raw Materials	274.62	80.46	49.25	42.25	-
Work in progress	-	-	-	-	-
Finished Goods	52.04	56.32	28.43	-	-
<b>Opening Stock (A)</b>	<b>326.66</b>	<b>136.78</b>	<b>77.68</b>	<b>42.25</b>	<b>-</b>
Raw Materials	294.62	274.62	80.46	49.25	42.25
Work in progress	-	-	-	-	-
Finished Goods	64.42	52.04	56.32	28.43	-
<b>Closing Stock(B)</b>	<b>359.04</b>	<b>326.66</b>	<b>136.78</b>	<b>77.68</b>	<b>42.25</b>

**Annexure-XXII**
**Details of Revenue from Operations:**
*(₹ In Lakhs)*

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Revenue From Operations</b>					
Revenue from Manufacturing	2,526.95	2,375.13	1,954.19	1,069.80	37.86
Revenue from Trading	56.95	-	-	-	-
<b>TOTAL</b>	<b>2,583.90</b>	<b>2,375.13</b>	<b>1,954.19</b>	<b>1,069.80</b>	<b>37.86</b>

**Annexure-XXIII**
**Details of Other Income:**
*(₹ In Lakhs)*

Particulars	For the year ended March 31,				
-------------	------------------------------	--	--	--	--

	2018	2017	2016	2015	2014
Interest Income on FDR	8.78	8.21	7.21	5.46	0.03
Other Interest Income	2.63	3.30	11.76	-	-
Foreign Exchange Fluctuation	18.36	(7.86)	8.17	5.17	-
Interest on IT Refund	-	-	-	-	-
Rebate & Discount	(1.65)	2.65	3.15	5.05	-
Interest Subsidy	28.94	37.55	45.32	14.41	-
Duty Drawback	33.48	53.39	61.25	52.16	-
DGFT DD Received	2.21	-	-	-	-
MEIS Income	24.17	-	-	-	-
Sale of Scrap	-	-	-	2.94	-
Others	0.17	-	-	4.28	-
<b>TOTAL</b>	<b>117.10</b>	<b>97.24</b>	<b>136.86</b>	<b>89.46</b>	<b>0.03</b>

#### Annexure-XXIV

##### Cost of Material Consumed:

(₹ In Lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
Opening Balance of Raw Materials	274.62	80.46	49.25	42.25	-
Add: Purchase	1,535.81	1,695.47	1,370.50	673.79	67.28
Less: Closing Balance of Raw Materials	(294.62)	(274.62)	(80.46)	(49.25)	(42.25)
<b>Cost of Material Consumed</b>	<b>1,515.81</b>	<b>1,501.31</b>	<b>1,339.29</b>	<b>666.79</b>	<b>25.03</b>
Trade Purchases	51.78	-	-	-	-
<b>TOTAL</b>	<b>1,567.59</b>	<b>1,501.31</b>	<b>1,339.29</b>	<b>666.79</b>	<b>25.03</b>

#### Annexure-XXV

##### Change in Inventories:

(₹ In Lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Inventories at the beginning</b>					
Work in Progress	-	-	-	-	-
Stock-in-Trade	-	-	-	-	-
Finished Goods	52.04	56.32	28.43	-	-
<b>Inventories at the end</b>					
Work in Progress	-	-	-	-	-
Stock-in-Trade	-	-	-	-	-
Finished Goods	64.42	52.04	56.32	28.43	-
<b>TOTAL</b>	<b>(12.38)</b>	<b>4.28</b>	<b>(27.89)</b>	<b>(28.43)</b>	<b>-</b>

#### Expenses

(₹ In Lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Employee Benefits Expense:</b>					
Salaries & Wages	97.97	99.17	84.98	63.05	0.47
Bonus Paid	2.29	1.74	2.03	1.49	-
Provision for Bonus	0.69	-	-	-	-
Contribution to Gratuity	3.25	-	-	-	-
Staff and labour Welfare Expenses	6.00	7.38	3.74	2.79	-
<b>Total</b>	<b>110.19</b>	<b>108.29</b>	<b>90.75</b>	<b>67.33</b>	<b>0.47</b>
<b>Finance Cost :</b>					
Interest paid on unsecured Loan	10.10	0.74	-	-	-
Bank charges	11.14	12.40	10.36	11.58	-
Interest exp on statutory & delayed payment	-	-	-	-	-

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
Interest on Term Loan	89.85	133.64	162.92	127.71	6.15
Interest on Bank Loan	68.88	48.19	36.71	16.47	-
<b>Total</b>	<b>179.96</b>	<b>194.96</b>	<b>209.98</b>	<b>155.77</b>	<b>6.15</b>
<b>Depreciation &amp; Amortization</b>					
Depreciation of Tangible assets	94.12	89.73	88.63	83.68	2.70
<b>Total</b>	<b>94.12</b>	<b>89.73</b>	<b>88.63</b>	<b>83.68</b>	<b>2.70</b>
<b>Operating Expenses</b>					
Clearing and Forwarding expenses	51.39	38.44	53.16	42.80	3.79
Freight charges	142.66	68.44	30.34	23.97	0.03
Labour charges	8.44	17.28	14.88	1.58	0.30
Oil petrol & fuel charges	1.10	0.84	1.10	1.71	0.11
Repair and maintenance charges	4.57	2.20	4.20	0.92	0.01
Spares and Stores Consumables	2.95	5.24	5.08	1.88	0.07
Electricity Expenses	49.25	49.87	38.63	18.91	-
Packing expenses	46.67	103.76	59.69	31.25	1.02
Professional Fees	34.08	18.00	36.30	26.64	-
Warehousing Charges	3.01	2.42	2.46	-	-
Other Charges	1.06	1.15	1.60	-	-
<b>Total</b>	<b>345.17</b>	<b>307.62</b>	<b>247.44</b>	<b>149.67</b>	<b>5.31</b>
<b>Other Expenses</b>					
Branch Office Rent	3.03	4.36	1.76	-	-
Printing & Stationery	2.44	1.78	0.68	1.41	0.20
Other Expenses	-	-	-	1.34	1.37
Security Charges	11.50	11.52	11.52	11.89	-
Insurance	3.24	1.86	1.49	3.70	-
Computer Expenses	0.89	0.66	0.80	0.85	0.03
Travelling Expenses	15.52	10.65	10.58	7.45	-
Vehicle Expenses	0.45	-	0.99	1.10	0.00
Guest House Expense	2.13	2.28	2.96	2.29	-
Hospitality Expenses	-	-	-	0.44	0.13
Donation	-	1.80	0.01	0.15	-
Membership Fess	1.61	0.80	2.79	0.61	-
Consultancy Fee	1.63	3.24	1.08	1.65	-
Legal and professional fess	0.61	1.24	2.60	2.94	-
Share Issue Expenses	-	-	-	2.71	-
ROC Charges	-	-	-	0.32	-
Auditor Remuneration	0.90	0.80	0.30	0.30	0.25
Fire & Safety Expense	0.10	0.10	0.10	0.91	-
Miscellaneous	13.32	12.01	15.46	4.21	0.32
Telephone and Telex	1.21	1.45	1.40	1.25	0.64
Postage and Courier	2.19	4.16	0.71	0.54	0.04
Marketing Expenses	16.86	25.35	3.02	-	-
Government Certification Fee	1.20	1.98	1.20	-	-
Office Expenses	4.61	4.56	2.29	1.17	0.08
Service Tax Expense	1.22	5.79	2.98	-	-
Driver Charges	5.08	6.47	2.38	-	-
Sales promotion	2.65	9.52	9.36	6.55	-
<b>TOTAL</b>	<b>92.40</b>	<b>112.37</b>	<b>76.48</b>	<b>53.79</b>	<b>3.07</b>



**Details of Related Party Transactions:**

Name	Proprietor/ Partners/Directors	Relationship	Nature of Transaction	Amount of Transaction upto stub Period if applicable	Amount of Transaction in 2017-2018	Amount out Standing as on 31.03.2018 : Payable/ (Receivable)	Amount of Transaction in 2016 – 2017	Amount out Standing as on 31.03.2017 : Payable/ (Receivable)	Amount of Transaction in 2015 – 2016	Amount out Standing as on 31.03.2016 : Payable/ (Receivable)	Amount of Transaction in 2014 – 2015	Amount out Standing as on 31.03.2015 : Payable / (Receivable)	Amount of Transaction in 2013 – 2014	Amount out Standing as on 31.03.2014 : Payable/ (Receivable)
Amit Khator	Individual	Director	Remuneration	-	10.80	-	10.80	-	9.60	-	9.00	-	6.00	-
			Loan Received	-	21.54	32.51	11.25	11.87	39.21	0.62	30.25	3.10	-	-
			Loan Repayment	-	0.90		-		41.70		27.15		-	
Anisha Khator	Individual	Relative of KMP	Loan Received	-	7.25	34.50	0.70	27.25	2.00	26.55	-	25.05	25.05	25.05
			Loan Repayment	-	-		-		0.50		-		-	
Kailash Khator HUF	Kailash Khator, Jasoda Khator, Amit Khator & Anisha Khator	Director's Father HUF	Loan Received	-	25.98	62.48	-	36.50	-	36.50	-	36.50	36.50	36.50
			Loan Repayment	-	-		-		-		-		-	
Jasoda Khator	Individual	Director's Mother	Loan Received	-	13.40	34.25	-	20.85	-	20.85	-	20.85	51.85	20.85
			Loan Repayment	-	-		-		-		-		31.00	
Kailash Khator	Individual	Director's Father	Loan Received	-	-	83.00	16.00	87.50	9.50	71.50	92.00	62.00	52.00	52.00
			Loan Repayment	-	4.50		-		-		82.00		-	
Mahadev Synthetics	Proprietor	Interest of Director's Father	Loan Received	-	55.00	152.93	47.00	187.70	77.80	140.70	162.90	62.90	-	-
			Loan Repayment	-	89.77		-		-		100.00		-	

**Annexure-XXVII**
**Details of Accounting Ratios:**
*(₹ In Lakhs)*

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
Restated PAT as per P&L Account	237.05	123.54	38.57	0.89	(3.64)
Weighted Average Number of Equity Shares at the end of the Year/Period (For BEPS)	35.54	8.89	8.89	8.61	0.12
Weighted Average Number of Equity Shares at the end of the Year/Period (For DEPS)	35.54	35.54	35.54	35.26	26.78
Number of Equity Shares outstanding at the end of the Year/Period	35.54	8.89	8.89	8.89	8.00
Restated Net Worth	606.61	369.57	246.03	207.45	76.36
<b>Earnings Per Share</b>					
Basic	6.67	13.90	4.34	0.10	(29.94)
Diluted	6.67	13.90	4.34	0.10	(29.94)
Adjusted	6.67	3.48	1.09	0.03	(0.14)
<b>Return on Net Worth (%)</b>	39.08	33.43	15.68	0.43	(4.77)
<b>Net Asset Value Per Share (Rs)</b>	17.07	41.59	27.69	24.10	627.73
Nominal Value per Equity share (Rs.)	10.00	10.00	10.00	10.00	10.00

Ratios have been calculated as below:

<b>Basic and Diluted Earnings per Share (EPS) (Rs.)</b>	:	Restated Profit after Tax available to Equity Shareholders
	:	Weighted Average Number of Equity Shares at the end of the year/period
<b>Return on Net Worth (%)</b>	:	Restated Profit after Tax available to equity Shareholders
	:	Restated Net Worth of Equity Shareholders
<b>Net Asset Value per equity share (₹)</b>	:	Restated Net Worth of Equity Shareholders
	:	Number of Equity Shares outstanding at the end of the year / period

**Annexure- XXVIII**
**Capitalisation Statement**
*(₹ In Lakhs)*

Particulars	Pre Issue*	Post Issue
<b>Borrowings</b>		
Short Term Debt (A)	574.88	574.88
Long Term Debt (B)	770.72	[•]
<b>Total debts (C)</b>	<b>1,345.60</b>	[•]
<b>Shareholders' funds</b>		
Equity share capital	429.48	[•]
Reserve and surplus - as restated	[•]	[•]
<b>Total shareholders' funds</b>	[•]	[•]
<b>Long term debt / Shareholders' funds</b>	[•]	[•]
<b>Total debt / shareholders fund</b>	[•]	[•]

\* as on 31st July, 2018

**Annexure- XXIX**
**Statement of Tax Shelters:**
*(₹ In Lakhs)*

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Restated Profit before tax (A)</b>	<b>315.21</b>	<b>142.02</b>	<b>56.11</b>	<b>1.30</b>	<b>(5.33)</b>
Tax Rate (%)	27.55%	30.09%	30.09%	30.09%	30.09%
MAT Rate	20.389%	19.055%	19.055%	19.055%	19.055%
<b>Adjustments:</b>					

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>(b) Permanent Differences</b>					
Donation	-	-	-	-	-
Disallowed u/s 36 to 40	-	-	-	-	-
<b>Total Permanent Differences(B)</b>	-	-	-	-	-
<b>(c) Timing Differences</b>					
Gratuity provision	1.18	0.98	0.66	0.37	0.06
Gratuity payment	-	-	-	-	-
Difference between tax depreciation and book depreciation	(45.89)	(60.87)	(77.96)	(104.93)	(96.13)
<b>Total Timing Differences (C)</b>	<b>(44.71)</b>	<b>(59.90)</b>	<b>(77.30)</b>	<b>(104.56)</b>	<b>(96.07)</b>
<b>B/F Losses ( D )</b>	-	<b>1.80</b>	-	-	-
<b>B/F Depreciation ( E )</b>	<b>149.06</b>	<b>80.33</b>	-	-	-
<b>Net Adjustments F = (B+C-E-F)</b>	<b>(193.77)</b>	<b>(142.03)</b>	<b>(77.30)</b>	<b>(104.56)</b>	<b>(96.07)</b>
<b>Taxable Income/(Loss) (A+F)</b>	<b>121.44</b>	<b>(0.00)</b>	<b>(21.19)</b>	<b>(103.26)</b>	<b>(101.40)</b>
<b>Restated Profit for The Purpose of MAT</b>	315.21	142.02	56.11	1.30	(5.33)
<b>Taxable Income/(Loss) as per MAT</b>	<b>315.21</b>	<b>142.02</b>	<b>56.11</b>	<b>1.30</b>	<b>(5.33)</b>
<b>Tax as returned/computed</b>	33.46	-	-	-	-
<b>Tax as per MAT</b>	64.27	27.06	10.69	0.25	-
<b>Tax paid as per normal or MAT</b>	<b>64.27</b>	<b>27.06</b>	<b>10.69</b>	<b>0.25</b>	-

## FINANCIAL INDEBTEDNESS

The Details of indebtedness of our Company as at July 31, 2018 is provided below:

Financial Indebtedness from Central Bank of India

Date of Sanction / Modification:

Charge Holder:

### **FACILITY 1: CASH CREDIT (CC)**

Particulars	
Facility Name	Cash Credit Limit
Extent of Credit	Rs. 575 Lacs (Sanctioned Limit)
Utilized as on 31.07.2018	Rs. 574.88
Purpose	To meet Working Capital requirement

### **Terms & Conditions**

Sr. No.	Description of Security
1.	Hypothecation of Stocks & Book Debts

Margin	25% in CC & 10% in PC
Age of Book Debts (in days)	0-120 days
Rate of Interest	11.30%

### **FACILITY 2: TERM LOAN**

Particulars	
Facility Name	Term Loan
Extent of Credit	Rs. 1402.00 Lacs (Sanctioned Limit)
Outstanding as on 31.07.2018	Rs. 739.92 Lacs
Purpose	Setting up New Plant & Machinery & further up gradation

### **Terms & Conditions**

Sr. No.	Description of Security
1.	(Hypothecation by way of first charge in favor of the Bank) Secured by first charge on Land, Factory Building, Plant & Machinery, Stocks, Book debts and other project assets at Survey No 166, Plot No 3&4, Village Naroli, near Kanadi Phatak, Silvassa, Dadra and Nagra Haveli, created out of existing loans.

Margin	25%
Rate of Interest	11.80%

## MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Particulars	For the year ended March 31,					
	2018	%	2017	%	2016	%
<b>Revenue:</b>						
Revenue From Operations (Net of Taxes)	2,583.90	95.66%	2,375.13	96.07%	1,954.19	93.45%
Other Income	117.10	4.34%	97.24	3.93%	136.86	6.55%
<b>Total Revenue</b>	<b>2,701.00</b>	<b>100.00</b>	<b>2,472.37</b>	<b>100.00</b>	<b>2,091.05</b>	<b>100.00%</b>
<b>Expenses:</b>						
Cost of Material Consumed	1,567.59	58.04%	1,501.31	60.72%	1,339.29	64.05%
Changes in inventories of finished goods	(12.38)	-0.46%	4.28	0.17%	(27.89)	-1.33%
Operating Expenses	345.17	12.78%	307.62	12.44%	247.44	11.83%
Employee benefit expenses	108.13	4.00%	109.27	4.42%	91.41	4.37%
Financial Cost	179.96	6.66%	194.96	7.89%	209.98	10.04%
Depreciation and amortization expenses	94.12	3.48%	89.73	3.63%	88.63	4.24%
Others Expenses	92.40	3.42%	112.37	4.54%	76.48	3.66%
Directors Remuneration	10.80	0.40%	10.80	0.44%	9.60	0.46%
Preliminary expenses W/o	-		-	0.00%	-	0.00%
<b>Total Expenses</b>	<b>2,385.79</b>	<b>88.33%</b>	<b>2,330.35</b>	<b>94.26%</b>	<b>2,034.94</b>	<b>97.32%</b>
<b>Profit before exceptional ,extraordinary items and tax</b>	<b>315.21</b>	<b>11.67%</b>	<b>142.02</b>	<b>5.74%</b>	<b>56.11</b>	<b>2.68%</b>
Less: Exceptional Items	-		-		-	
<b>Profit before extraordinary items and tax (A-B)</b>	<b>315.21</b>	<b>11.67%</b>	<b>142.02</b>	<b>5.74%</b>	<b>56.11</b>	<b>2.68%</b>
Prior Period Items	-		-		-	0.00%
Extra ordinary items	-		-		-	0.00%
<b>Profit before tax</b>	<b>315.21</b>	<b>11.67%</b>	<b>142.02</b>	<b>5.74%</b>	<b>56.11</b>	<b>2.68%</b>
Tax expense :						
Current tax	63.99	2.37%	27.25	1.10%	10.82	0.52%
Deferred Tax	44.51	1.65%	18.49	0.75%	17.54	0.84%
MAT credit Entitlement	(30.34)	-1.12%	(27.25)	-1.10%	(10.82)	-0.52%
<b>Profit/(Loss) for the period After Tax-PAT</b>	<b>237.05</b>	<b>8.78%</b>	<b>123.54</b>	<b>5.00%</b>	<b>38.57</b>	<b>1.84%</b>

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2018 WITH FINANCIAL YEAR ENDED MARCH 31, 2017

### INCOME

#### **Income from Operations**

The operating income of the Company for the year ending March 31, 2018 is ₹2,583.90 Lakhs as compared to ₹2,375.13 Lakhs for the year ending March 31, 2017, showing increase of 8.78% and such increase is due to increase in volume and value.

#### **Other Income**

Our other income increased from Rs.97.24 Lakhs to ₹117.10 Lakhs. This was primarily due to receipt of Merchandise Export Incentive Scheme Income from DGFT.

#### **Cost of Materials Consumed**

There was an increase in cost of materials consumed from ₹1501.31 Lakhs to ₹1567.59 Lakhs, which was primarily due to increase in the volume and value of raw materials consumed on account of increase in sales.

#### **Operating Cost**

There is an increase in operating cost by 12.20% in the financial year 2017-18 from ₹307.62 Lakhs to ₹345.17 Lakhs due to increase in freight charges on exports.

#### **Employee Benefits Cost**

There has been a negligible reduction in Employee Benefit Cost in the financial year 2017-18 on account of optimization of the work force

#### **Depreciation and Amortisation**

There has been an increase in Depreciation Cost in the financial year 2017-18 on account of addition of fixed assets for upgradation of existing manufacturing facility.

#### **Finance Charges**

Our finance cost which consists of interest, processing fees and charges decreased from ₹.194.96 Lakhs to ₹ 179.96 Lakhs on account of reduction of secured term loans.

#### **Profit Before Tax**

Profit before tax increased by 121.94% from ₹142.02 Lakhs in financial year 2016-17 to ₹ 315.21 Lakhs in financial year 2017-18 due to increase in revenue from operations and improved margins.

#### **Provision for taxes and Profit After Tax.**

Our profit after tax increased by 91.88% from ₹123.54 Lakhs in financial year 2016-17 to ₹ 237.05 Lakhs in financial year 2017-18. This increase was in line with increase in income from operations and Profit Before Taxes

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2017 WITH FINANCIAL YEAR ENDED MARCH 31, 2016

### INCOME

#### **Income from Operations**

The operating income of the Company for the year ending March 31, 2017 is ₹2375.13 Lakhs as compared to ₹1954.19 Lakhs for the year ending March 31, 2016, showing increase of 21.54% and such increase is due to increase in volume and value.

#### **Other Income**

Our other income reduced from Rs.136.86 Lakhs to ₹97.24 Lakhs. This was primarily due to Forex losses and Duty Drawback

#### **Cost of Materials Consumed**

There was an increase in cost of materials consumed from ₹1339.29 Lakhs to ₹1501.31 Lakhs, which was primarily due to increase in the volume and value of raw materials consumed on account of increase in sales.

#### **Operating Cost**

There is an increase in operating cost by 24.32% in the financial year 2017-18 from ₹247.44 Lakhs to ₹307.62 Lakhs due to increase in freight charges on exports.

#### **Employee Benefits Cost**

There has been increase in Employee Benefit Cost in the financial year 2016-17 by 19.32% on account of increase in their salaries.

#### **Depreciation and Amortisation**

There has been an increase in Depreciation Cost in the financial year 2016-17 on account of addition of fixed assets for upgradation of existing manufacturing facility.

#### **Finance Charges**

Our finance cost which consists of interest, processing fees and charges decreased from ₹.209.98 Lakhs to ₹ 194.96 Lakhs on account of reduction of secured term loans.

#### **Profit Before Tax**

Profit before tax increased by 151.89% from ₹56.77. Lakhs in financial year 2015-16 to ₹ 143.00 Lakhs in financial year 2016-17 due to increase in revenue from operations and improved margins.

#### **Provision for taxes and Profit After Tax.**

Our profit after tax increased by 218.84% from 38.95 Lakhs in financial year 2015-16 to ₹ 124.19 Lakhs in financial year 2016-17 . This increase was in line with increase in income from operations and Profit Before Taxes.



## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2015 WITH FINANCIAL YEAR ENDED MARCH 31, 2016

### INCOME

#### **Income from Operations**

The operating income of the Company for the year ending March 31, 2016 is ₹1954.19 Lakhs as compared to ₹1069.80 Lakhs for the year ending March 31, 2015, showing increase of 82.66% and such increase is due to increase in volume and value.

#### **Other Income**

Our other income increased from Rs.89.46 Lakhs to ₹136.86 Lakhs. This was primarily due to receipt of Merchandise Export Incentive Scheme Income from DGFT.

#### **Cost of Materials Consumed**

There was an increase in cost of materials consumed from ₹666.79 Lakhs to ₹1339.29 Lakhs, which was primarily due to increase in the volume and value of raw materials consumed on account of increase in sales.

#### **Operating Cost**

There is an increase in operating cost by 65.32% in the financial year 2014-15 from ₹149.67 Lakhs to Rs. 247.44 Lakhs due to increase in freight charges on exports.

#### **Employee Benefits Cost**

There has been a negligible increase in Employee Benefit Cost in the financial year 2017-18 on account of increase in their salaries.

#### **Depreciation and Amortisation**

There has been an increase in Depreciation Cost in the financial year 2017-18 on account of addition of fixed assets for up gradation of existing manufacturing facility.

#### **Finance Charges**

Our finance cost which consists of interest, processing fees and charges increased from ₹155.77 Lakhs to ₹ 209.98 Lakhs on account of enhancement in credit facilities

#### **Profit Before Tax**

Profit before tax increased 4216.15% from 1.30 Lakhs in financial year 2014-15 to ₹ 56.11 Lakhs in financial year 2015-16 due to increase in revenue from operations and improved margins.

#### **Provision for taxes and Profit After Tax.**

Our profit after tax increased by 4233.70% from 0.89 Lakhs in financial year 2014-15 to ₹ 38.57 Lakhs in financial year 2015-16 . This increase was in line with increase in income from operations and Profit Before Taxes.

## **FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:**

### **1. Unusual or infrequent events or transactions.**

There have been no unusual or infrequent events or transactions that have taken place during the last three years to the best of our knowledge

### **2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “Factors Affecting our Results of Operations” and the uncertainties described in the section entitled “Risk Factors” beginning on page no. 13 of this Draft Prospectus. There are no known factors which we expect to bring about significant economic changes to the best of our knowledge

### **3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under Section titled “Risk Factors” beginning on page no. 13 in this Draft Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

### **4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.**

To the best of our knowledge, there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However, increase in the cost of the services in which the Company deals, will affect the profitability of the Company. Further, the Company may not be able to pass on the increase in prices of the services to the customers in full and this can be offset through cost reduction.

### **5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or increased sales prices.**

Increases in revenues are by and large linked to increases in volume of business.

### **6. Total turnover of each major industry segment in which the issuer company operated.**

The Company is operating single business segment i.e. Construction and Real Estate . Relevant industry data, as available, has been included in the chapter titled “*Our Industry*” beginning on page 72 of this Draft Prospectus.

### **7. Status of any publicly announced new products or business segment.**

Our Company has not announced any new projects or business segments, other than disclosed in this Draft Prospectus.

### **8. The extent to which business is seasonal.**

Our Company’s Business is not seasonal in nature.

### **9. Any significant dependence on a single or few suppliers or customers.**

We are not under threat of dependence from any single supplier or customer.

### **10. Competitive conditions:**

The market is highly competitive and fragmented, and we face competition from various domestic Contractors. Some of our competitors have greater financial, marketing, sales and other resources than we do. Moreover, as we seek to diversify into new geographical areas, we face competition from competitors that have a pan-India presence and also from competitors that have a strong presence in regional markets. Competition in certain markets may have a material adverse effect on our operations in that market. We believe that we compete favorably with our principal competitors in each of these areas. We also believe that our impeccable track record provides us with a competitive advantage that enables us to compete effectively.

**Significant Material Developments Subsequent To the Last balance sheet i.e. March 31, 2018**

To our knowledge, except as disclosed in this Draft Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Prospectus which materially affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

## SECTION VII-LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except, as stated below, there are no:

- (I) (a) criminal proceedings; (b) actions by statutory or regulatory authorities; (c) claims relating to direct and indirect taxes; or (iv) Material Litigation (as defined below); involving our Company, Directors, Promoters and Group Companies.
- (II) (a) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (b) pending proceedings initiated against our Company for economic offences; (c) default and non-payment of statutory dues by our Company; (d) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company; or (e) material frauds committed against our Company in the last five years.
- (III) (a) Outstanding Material Dues (as defined below) to creditors; or (b) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on: 9<sup>th</sup> July, 2018

- (I) Determined that outstanding legal proceedings involving the Company, its Directors, Promoters and Group Companies will be considered as material litigation if the aggregate amount involved in an individual litigation exceeded 20% of the consolidated profit after tax of the Company (as per the last audited financial statements) or where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed the threshold of 20% of profit after tax of the Company (as per the last audited financial statements), if similar litigations put together collectively exceed 60% of the consolidated profit after tax of the Company (“**Material Litigation**”);
- (II) Determined that outstanding dues to creditors (excluding banks and financial institutions from whom the Company has availed financing facilities) shall be considered as material dues if the amount due to any one of such creditors exceeds 15% of the total outstanding trade payables of the Company (as per the last audited financial statements) (“**Material Dues**”); and
- (III) Determined that outstanding dues to small scale undertakings and MSME creditors shall be considered as material if the amount due to any one of such creditors exceeds Rs. 25 lakhs and the credit period of up to 30 days as applicable in the law (“**Material MSME Dues**”).

Our Company, Directors, Promoters and Group Companies have not been declared as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them.

#### (I) CONTINGENT LIABILITIES OF OUR COMPANY

Nil

#### (II) LITIGATIONS INVOLVING THE COMPANY

##### A. Litigations Against the Company

- 1. Litigation Involving Criminal Proceedings: Nil

2. Litigation Involving Actions by Statutory/Regulatory Authorities: **Nil**
3. Litigation Involving Taxation Matters: **Nil**
4. Other Pending Litigations: **Nil**
5. Proceeding under the Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and the Income Declaration Scheme Rule, 2016: **Nil**

**B. Litigations By the Company**

1. Litigation Involving Criminal Proceedings: Our Company has filed proceedings against a UAE based company by the name of M/s. Al Maeeni Chemical Trading Est for non-payment of 6 consignments received by them from the Company amounting to approximately USD 1,15,411.20 i.e Dh 423,537 equivalent to Rs. 79.63 Lakhs. Initially proceedings were filed against Mr. Hesham Tawfiq Alkhtateb, director of the said company and he was arrested in relation to the said proceedings. To ensure quick redressal of the matter, the Company thereafter filed proceedings against M/s. Al Maeeni Chemical Trading Est as well. Out of the total amount, the Company received a total of USD 34,307 i.e Dh 152642 equivalent to Rs. 23.67 Lakhs in two instalments. As of date of this Draft Prospectus the outstanding claim stands at USD 81,104.20 i.e Dh 297,895 equivalent to Rs. 55.96 Lakhs. The proceedings stand pending on account of the pending claim amount. however, Mr. Hesham Tawfiq Alkhtateb has been released from jail.  
(1 USD = Rs.69.00)
2. Litigation Involving Actions by Statutory/Regulatory Authorities: **Nil**
3. Litigation Involving Taxation Matters:
  - (i) Direct tax matters: **Nil**
  - (ii) Indirect tax matters: **Nil**
4. Other Pending Litigations: **Nil**
5. Proceeding under the Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and the Income Declaration Scheme Rule, 2016: **Nil**

**(III) LITIGATIONS INVOLVING THE DIRECTORS**

**A. Litigations Against the Directors**

1. Litigation Involving Criminal Proceedings: **Nil**
2. Litigation Involving Actions by Statutory/Regulatory Authorities: **Nil**
3. Litigation Involving Taxation Matters:
  - (i) Direct tax matters: **Nil**
  - (ii) Indirect tax matters: **Nil**
4. Other Pending Litigations: **Nil**
5. Proceeding under the Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and the Income Declaration Scheme Rule, 2016: **Nil**

B. Litigations By the Directors

1. Litigation Involving Criminal Proceedings: **Nil**
2. Litigation Involving Actions by Statutory/Regulatory Authorities: **Nil**
3. Litigation Involving Taxation Matters:
  - (i) Direct tax matters: **Nil**
  - (ii) Indirect tax matters: **Nil**
4. Other Pending Litigations: **Nil**
5. Proceeding under the Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and the Income Declaration Scheme Rule, 2016: **Nil**

**(IV) LITIGATIONS INVOLVING THE PROMOTERS**

A. Litigations Against the Promoters

1. Litigation Involving Criminal Proceedings: **Nil**
2. Litigation Involving Actions by Statutory/Regulatory Authorities in last five years: **Nil**
3. Litigation Involving Taxation Matters:
  - (i) Direct tax matters: **Nil**
  - (ii) Indirect tax matters: **Nil**
4. Other Pending Litigations: **Nil**
5. Proceeding under the Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and the Income Declaration Scheme Rule, 2016: **Nil**

B. Litigations By the Promoters

1. Litigation Involving Criminal Proceedings: **Nil**
2. Litigation Involving Actions by Statutory/Regulatory Authorities: **Nil**
3. Litigation Involving Taxation Matters:
  - (i) Direct tax matters: **Nil**
  - (ii) Indirect tax matters: **Nil**
4. Other Pending Litigations: **Nil**
5. Proceeding under the Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and the Income Declaration Scheme Rule, 2016: **Nil**

**(V) LITIGATIONS INVOLVING THE GROUP COMPANIES**

A. Litigations Against the Group Companies

1. Litigation Involving Criminal Proceedings: **Nil**
2. Litigation Involving Actions by Statutory/Regulatory Authorities: **Nil**
3. Litigation Involving Taxation Matters:
  - (i) Direct tax matters: **Nil**
  - (ii) Indirect tax matters: **Nil**
4. Other Pending Litigations: **Nil**
5. Proceeding under the Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and the Income Declaration Scheme Rule, 2016: **Nil**

**B. Litigations By the Group Companies**

1. Litigation Involving Criminal Proceedings: **Nil**
2. Litigation Involving Actions by Statutory/Regulatory Authorities:

Khator Fibre and Fabrics Limited (“**KFFL**”) has filed Writ Petition No.9377 of 2005 before the Hon’ble Bombay High Court seeking writ of mandamus against the Cloth Markets and Shop Board (“**Board**”) (constituted under the Mathadi Hamal and Manual Workers (Protection of Employment & Welfare), Act 1969 (“**Mathadi Act**”)) and Government of Maharashtra challenging the recovery proceedings initiated by the said Board against KFFL for a sum of Rs. 6,55,320/- despite KFFL not engaging workers under the Mathadi Act, and the Board proceeding with the matter despite representation filed by KFFL before the Government of Maharashtra (being the appropriate authority under the Mathadi Act). The matter has been admitted and remains sub-judice

3. Litigation Involving Taxation Matters:
  - (i) Direct tax matters: **Nil**
  - (ii) Indirect tax matters: **Nil**
4. Other Pending Litigations: **Nil**
5. Proceeding under the Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and the Income Declaration Scheme Rule, 2016: **Nil**

**(VI) LITIGATIONS INVOLVING THE SUBSIDIARIES**

There are no subsidiaries of our Company as on the date of this Draft Prospectus.

**(VII) DETAILS OF ANY INQUIRY AND INSPECTION OR INVESTIGATION INITIATED UNDER PRESENT OR PREVIOUS COMPANY LAWS IN LAST 5 YEARS AGAINST THE COMPANY, ITS SUBSIDIARIES AND GROUP COMPANIES**

There are no inquiries, investigations etc. instituted under the Companies Act or any previous companies enactment in the last 5 (five) years against our Company and Group Companies.

**(VIII) OUTSTANDING MATERIAL DUES AND MSME DUES**

Our Company, pursuant to resolution passed for adoption of materiality policy in our board meeting held on 9<sup>th</sup> July, 2018, approved threshold for Material Dues and MSME Dues for the purpose of identification of creditors. Based on the above, following are the creditors of our Company:



Name of Creditor	Amount (Rs. in Lakhs)
Tanay Corporation	30.04
KT International	30.34
Shivam Fibres	45.80
Shri Balaji Synthetics	52.47
Shri Balaji Synthetics – Mumbai	52.65
<b>Total</b>	<b>211.30</b>

The Company is not having adequate details to ascertain whether or not any of its creditors are small scale undertakings or micro, small and medium enterprises, hence necessary information with regard to Material MSME Dues are not ascertainable.

**(IX) PENDING PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES.**

There are no pending proceedings initiated against our Company for economic offences.

**(X) MATERIAL FRAUD AGAINST OUR COMPANY IN THE LAST 5 (FIVE) YEARS**

There has been no material fraud committed against our Company in the last 5 (five) years.

**(XI) FINES IMPOSED OR COMPOUNDING OF OFFENCES FOR DEFAULT**

There are no fines imposed or compounding of offences done in the last 5 (five) years immediately preceding the year of the Draft Prospectus for the Company for default or outstanding defaults.

**(XII) NON-PAYMENT OF STATUTORY DUES**

There have been no defaults or outstanding defaults in the payment of statutory dues payable by the Company.

**(XIII) MATERIAL DEVELOPMENTS OCCURRING AFTER LAST BALANCE SHEET DATE**

Except as disclosed elsewhere in this Draft Prospectus, there have been no material developments that have occurred after the Last Balance Sheet Date.

## GOVERNMENT AND OTHER APPROVALS

*Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies / regulatory authorities / certification bodies required to undertake the Issue or continue our business activities. In view of the approvals listed below, we can undertake the Issue and our current / proposed business activities and no further major approvals from any governmental / regulatory authority or any other entity are required to be undertaken, in respect of the Issue or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed in this behalf.*

*The main objects clause of the Memorandum of Association of the Company and the objects incidental, enable our Company to carry out its activities.*

*The Company has got following licenses/registrations/approvals/consents/permissions from the Government and various other Government agencies required for its present business.*

### APPROVALS FOR THE ISSUE

Sr. No	Name of the Approvals
1.	Our Company has received in- principle approval from the NSE Emerge Platform of NSE dated [●] for listing of Equity Shares pursuant to the Issue.
2.	Our Board of Directors have, pursuant to a resolution passed at its meeting held on 27 <sup>th</sup> June, 2018 authorized the Issue, subject to the approval of the shareholders of our Company under Section 62(1) (c) of the Companies Act, 2013 and such other authorities as may be necessary.
3.	The shareholders of the Company have, pursuant Section 62(1)(c) of the Companies Act, 2013, by a special resolution passed in the Annual General Meeting held on 7 <sup>th</sup> July, 2018 authorized the Issue.
4.	Our Company's International Securities Identification Number ("ISIN") is [●].

### APPROVALS PERTAINING TO INCORPORATION OF OUR COMPANY

Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of issue	Date of Expiry
Certificate of Incorporation	Registration Number: 041963 CIN Number: U17290RJ2013PLC041963	Registrar of Companies, Jaipur	1 <sup>st</sup> April, 2013	Perpetual

The Company has changed its registered office from G-67, Modi Nagar, Ajmer Road, Jaipur-302019, Rajasthan to 244, 2<sup>nd</sup> floor, Ganpati Plaza MI Road, Jaipur, Rajasthan-302001 with effect from 16<sup>th</sup> August, 2018.

### TAX RELATED APPROVALS PERTAINING TO OUR COMPANY

Sr. No	Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of Issue	Date of Expiry
1.	Permanent Account Number	AAFCK1076J	Commissioner of Income Tax	13 <sup>th</sup> April, 2013	Perpetual
2.	TAN (Tax payers Account Number)	JPRK04230C	Commissioner of Income Tax	-	Perpetual
3.	Registration Certificate for Goods and Service	26AAFCK1076 JIZG	Government of India	23 <sup>rd</sup> June, 2017	Perpetual

	Taxes (Dadra & Nagar Haveli)				
--	------------------------------	--	--	--	--

#### BUSINESS RELATED APPROVALS PERTAINING TO OUR COMPANY

Sr. No	Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of Issue	Date of Expiry
1.	Factories License under Factories Act, 1948	2646	Chief Inspector of Factories and Boilers, Administration of Dadra and Nagar Haveli, Silvassa.	7 <sup>th</sup> May, 2015	31 <sup>st</sup> December, 2018
2.	District Industries Centre Registration Certificate, Entrepreneurs Memorandum	EM-26/001/13/0213 4	General Manager, District Industries Centre, Silvassa	1 <sup>st</sup> January, 2014	Valid until cancelled
3.	Registration under the Employees Provident Funds & Miscellaneous Provisions Act, 1952	EPF Code: SRVAP127402 2	Assistant Provident Fund Commissioner	18 <sup>th</sup> July, 2015	Valid until cancelled
4.	Certificate of Membership with the Federation of Indian Export Organization.	FIEO/WR/1743 2/2018/2019/31 6	Director, Federation of Indian Export Organization.	Date of issue 31 <sup>st</sup> March, 2018 Effective date 1 <sup>st</sup> April, 2018	31 <sup>st</sup> March, 2019
5.	Consent to establish under Section 25 of the Water (Prevention & Control) Act, 1981, Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorization under Rule 5 of the Hazardous waste Management & Handling & Trans boundary Movement) Rules, 2008	PCC/DDO/O-2548/WA/AA/N R/14-15/1147	Member Secretary, Pollution Control committee, Daman, Diu & Dadra & Nagar Haveli.	23 <sup>rd</sup> March, 2018	31 <sup>st</sup> January, 2019
6.	ISO 9001:2015 Certificate of Registration for manufacturing & sales of Needle punched Non-woven Geotextile.	9910017557	Certification body of TUV SUD South Asia Private Limited, Mumbai Member of TUV SUD Group	4 <sup>th</sup> December, 2017	4 <sup>th</sup> November , 2020
7.	Certificate of Conformity of Factory Production Control from BTTG certification services, England	0338-CPR-5071	Senior Certification officer, BTTG Testing and Certification Limited	24 <sup>th</sup> August, 2015	Valid until cancelled
8.	Certificate of Conformity of Factory Production Control from BTTG certification services,	0338-CPR-5248	Senior Certification officer, BTTG Testing and Certification Limited	25 <sup>th</sup> April, 2017	Valid until cancelled

	England				
9.	Certificate of Conformity of Factory Production Control from BTG certification services, England	0338-CPR-5265	Senior Certification officer, BTG Testing and Certification Limited	17 <sup>th</sup> May 2017	Valid until cancelled
10.	Certificate of Conformity of Factory Production Control from BTG certification services, England	0338-CPR-5118	Senior Certification officer, BTG Testing and Certification Limited	6 <sup>th</sup> January, 2016	Valid until cancelled
11.	Certificate of Conformity of Factory Production Control from BTG certification services, England	0338-CPR-5117	Senior Certification officer, BTG Testing and Certification Limited	6 <sup>th</sup> January, 2016	Valid until cancelled
12.	Certificate of Registration under Technology Upgradation Fund Scheme (TUFS)	36161001	Assistant Director, Ministry of Textiles	3 <sup>rd</sup> January, 2014	Repayment Period - 1 <sup>st</sup> October, 2014 to 31 <sup>st</sup> March, 2020

#### IMPORT EXPORT RELATED APPROVALS PERTAINING TO OUR COMPANY

Sr. No	Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of Issue	Date of Expiry
1.	Certificate of Importer-Exporter Code (IEC)	IEC NO-1313007587	Assistant Director General of Foreign Trade	16 <sup>th</sup> July, 2013	Valid until cancelled
2.	Advance Authorisation under EPCG scheme*	0310822187	Directorate General of Foreign Trade	9 <sup>th</sup> July, 2018	18 months

- The Total export obligation to be fulfilled under the EPCG scheme is USD 2,48,400.00 (equivalent to Rs. 17,139,600) out of which export obligation of USD 1,59,227.92 (equivalent to Rs. 10,986,726.48) has been fulfilled and export obligation of USD 89,172.08 (equivalent to Rs. 6,152,873.52) is pending.

(1 USD= Rs. 69)

#### MISCELLANEOUS APPROVALS PERTAINING TO OUR COMPANY

Sr. No	Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of Issue	Date of Expiry
1.	Standard Fire & Special Peril's Policy	Policy No-1315001117010001411	The New India Assurance Company Limited	16 <sup>th</sup> November, 2017	18 <sup>th</sup> November, 2017 to 17 <sup>th</sup> November, 2018

#### RECOGNITIONS ACCREDITATIONS AND MEMBERSHIPS

Sr.	Nature of	Registration/	Issuing	Date of Issue	Date of
-----	-----------	---------------	---------	---------------	---------

No	Registration/ License	License No.	Authority		Expiry
1.	Certificate of registration as One Star Export House	A/6165	Assistant Director General of Foreign Trade, For Joint Director General of Foreign Trade	22 <sup>nd</sup> July, 2016	Valid until cancelled
2.	Membership of the Indian Technical Textile Association	1159	Indian Technical Textile Association	[•]	31 <sup>st</sup> March 2019
3.	Membership of the Confederation of Indian Industry	W4614P	Confederation of Indian Industry	[•]	31 <sup>st</sup> December 2018
4.	Membership of the International Geosynthetics Society	11399	International Geosynthetics Society	22 <sup>nd</sup> September 2017	[•]

### PENDING APPROVALS

Our Company has applied for registration of its trademark 'Khator', details of which are set out below:

Sr. No	Description	Class	Application No	Status
1.	KHATOR	19, 24, 35	3899084	Formalities Check Pass

Our Company has filed with the Department of Sales Tax, Government of Maharashtra, an application for registration under The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 (PTRC) on 6th August 2018. The registration is pending.

Our Company has converted from a private limited company to a public limited company vide fresh Certificate of Incorporation dated 26th June 2018. Our Company is in the process of making necessary intimations to statutory and regulatory authorities seeking change of name in the approvals and licenses obtained.

### APPROVALS REQUIRED TO BE OBTAINED BY THE COMPANY, BUT NOT APPLIED FOR

In addition to the approvals mentioned above, our Company is also required to obtain certain other approvals such as registration as a Principal Employer under the Contract Labour (Regulation and Abolition) Act, 1970.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Board of Directors, pursuant to a resolution passed at their meeting held on 27<sup>th</sup> June, 2018 authorized the Issue, subject to the approval of the shareholders of our Company under Section 62(1) (c) of the Companies Act, 2013, and such other authorities as may be necessary.

The Shareholders of our Company have, pursuant to a special resolution passed under Section 62(1)(c) of the Companies Act, 2013 at Annual General Meeting held on 07<sup>th</sup> July, 2018, authorized the Issue.

Our Company has obtained in-principle approval from National Stock Exchange of India Limited. for using its name in the Draft Prospectus/Prospectus pursuant to an approval letter dated [●]. To use the name of NSE in the draft prospectus for Listing Equity shares on “NSE EMERGE” the SME Platform of NSE is the Designated Stock Exchange for the purpose of this issue.

### Prohibition by SEBI, RBI or governmental authorities

We confirm that there is no prohibition on our Company, our Promoters, our Promoters Group, our Directors, our Group Companies / Entities or the natural person(s) in control of our Company from accessing or operating in the Capital Markets or restrained from buying, selling or dealing in securities under any order or direction passed by the Board (SEBI) or any other authorities.

The listing of any securities of our Company has never been refused by any of the Stock Exchanges in India.

Neither of our Promoters, Promoter Group, Directors or the person(s) in control of our Company, has ever been part of Promoter, Promoter Group, Directors or the person(s) in control of any other Company which is debarred from accessing the capital market under any order or directions made by the Board (SEBI) or any other regulatory or governmental authority.

There are no violations of securities laws committed by any of them in the past or pending against them, nor have any companies with which any of our Company, our Promoter, Directors, persons in control of our Company or any natural person behind the corporate Promoters are or were associated as a promoter, director or person in control, been debarred or prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

### Association with Securities Market

None of our Directors are in any manner associated with the securities market and there has been no action taken by SEBI against our Directors or any entity in which our Directors are involved as Promoters or Directors.

### Prohibition by RBI

Neither our Company, our Promoters, our Directors, Group Entities, relatives (as per Companies Act, 2013) of Promoters or the person(s) in control of our Company have been identified as a will full defaulter by the RBI or other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them except as details provided in the chapter titled “*Outstanding Litigations and Material Developments*” beginning on page 155 of this Draft Prospectus.

### Eligibility for the Issue

Our Company is in compliance with the following conditions specified in Regulation 4(2) of the SEBI (ICDR) Regulations to the extent applicable:

- a) Our Company, our Directors and the companies with which our Directors are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;
- b) Our Company has applied to NSE. for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue and has received the in-principle approval from NSE. pursuant to their letter dated [●]. For the purposes of this Issue, the NSE Limited. shall be the Designated Stock Exchange;
- c) Our Company has entered into tripartite agreement dated [●] with NSDL, for dematerialization of the Equity Shares;
- d) Our Company has entered into tripartite agreement dated [●] with CDSL, for dematerialization of the Equity Shares; and
- e) The Equity Shares are fully paid and there are no partly paid-up Equity Shares as on the date of filing this Draft Prospectus.

Further, in compliance with Regulation 4 (5) of the SEBI Regulations, none of our Company, Promoters or Directors is a Willful Defaulter, as on the date of this Draft Prospectus.

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 106(M) (1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital will not be more than ₹10 Crores, we may hence issue Equity Shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the "NSE EMERGE").

We confirm that:

- 1) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue is 100% underwritten and that the Lead Manager to the Issue shall underwrite minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to chapter titled “*General Information-Underwriting*” beginning on page 42 of this Draft Prospectus.
- 2) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue shall be greater than or equal to 50 (fifty), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within 8 (eight) Working Days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of 8 (eight) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the SEBI (ICDR) Regulations, Companies Act 2013 and other applicable laws.
- 3) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits a copy of the Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- 4) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we hereby confirm that we have entered into an agreement with the Lead Manager and a Market Maker to ensure compulsory Market Making for a minimum period of 3 (three) years from the date of listing of Equity Shares on the Emerge Platform of NSE. For further details of the arrangement of market making, see chapter titled “*General Information – Details of the Market Making Arrangements for this Issue*” beginning on page 46 of this Draft Prospectus.



We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

1. The Company has Net Tangible assets of at least ₹3 crore as per the latest audited financial results.
2. The Net worth (excluding revaluation reserves) of the Company is at least ₹3 crore as per the latest audited financial results.
3. The Company has track record of distributable profits in terms of section 123 of Companies Act for at least two years out of immediately preceding three financial years and each financial year has a period of at least 12 months or has net worth of ₹5 crore.
4. The distributable Profit, Net tangible Assets and Net worth of the Company as per the restated standalone financial statements is as set forth below:-

(₹ In lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Net Tangible Assets**	1,503.24	1,424.99	1,486.28	1,517.20	1,545.71
Net Distributable Profits	237.05	123.54	38.57	0.89	(3.64)
Net Worth***	606.61	369.57	246.03	207.45	76.36

\* "Distributable profits" have been computed in terms section 123 of the Companies Act, 2013.

\*\* 'Net tangible assets' are defined as the sum of all net assets (i.e. non-current assets, current assets less current liabilities) of our Company, excluding deferred tax asset and intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

\*\*\* "Net Worth" has been defined as the aggregate of the paid up share capital, share application money (excluding the portion included in other current liabilities) and reserves and surplus excluding revaluation reserve and after deducting miscellaneous expenditure, if any.

Our Company shall mandatorily facilitate trading in demat securities and will enter into an agreement with both the depositories. The Company has entered into an agreement for registration with the Central Depository Services Limited (CDSL) dated [●] and National Securities Depository Limited dated [●] for establishing connectivity.

Our Company has a website which can be accessed at the following link: [www.khator.com/techtex](http://www.khator.com/techtex)

There has been no change in the promoter/s of the Company in the preceding one year from date of filing application to NSE for Listing on SME Segment.

We confirm that we comply with all the below requirements / conditions so as to be eligible to be listed on the SME Platform of NSE.

- 1.) Our Company was incorporated as Khator Technical Textiles Limited. under the provisions of the Companies Act, 1956 with Certificate of Incorporation bearing Registration Number 041963 dated April 01, 2013 issued by the Registrar of Companies, Jaipur. The Corporate Identification Number of our Company is U17290RJ2013PLC041963
- 2.) The post issue paid up capital of the company will be 78,04,774 Equity Shares of face value of ₹10 each aggregating to ₹78,047,740 which is less than ₹25 Crores.
- 3.) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- 4.) There is no winding up petition against our Company that has been admitted by the Court and no liquidator has been appointed against the Company.

- 5.) No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the company.
- 6.) Our Company confirms that there is no material regulatory or disciplinary action by a stock exchange or regulatory authority in the past one year in respect of promoters, Group Companies, companies promoted by the promoters of the company.

We confirm that we comply with all the above requirements / conditions so as to be eligible to be listed on the SME Platform of NSE.

#### **Compliance with Part A of Schedule VIII of the SEBI (ICDR) Regulations**

Our Company is in compliance with the provisions specified in Part A of the SEBI (ICDR) Regulations. No exemption from eligibility norms has been sought under Regulation 109 of the SEBI (ICDR) Regulations, with respect to the Issue.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF ISSUE DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE ISSUE DOCUMENT. THE MERCHANT BANKER, MARK CORPORATE ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE ISSUE DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE 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 INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE ISSUE DOCUMENT, THE LEAD MERCHANT BANKER, MARK CORPORATE ADVISORS PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 3, 2018 WHICH READS AS FOLLOWS:**

**WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AND CONFIRM AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - A. THE DRAFT PROSPECTUS FILED WITH THE EXCHANGE IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

- B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C. THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956, 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 PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER 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 PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE**

COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.

10. WE CERTIFY ALL THE SHARES SHALL BE ISSUED IN DEMATERIALIZED FORM IN COMPLIANCE WITH THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013 AND THE DEPOSITORIES ACT, 1996 AND THE REGULATIONS MADE THEREUNDER.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR NO. CIR/CFD/DIL/7/2015 DATED OCTOBER 30, 2015.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD-18 IN THE FINANCIAL INFORMATION OF THE COMPANY INCLUDED IN THE DRAFT PROSPECTUS.

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH ISSUE DOCUMENT REGARDING SME EXCHANGE

- (1) WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES ISSUED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 - NOTED FOR COMPLIANCE.
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER – NOTED FOR COMPLIANCE.
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUBREGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS. - NOT APPLICABLE.
- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE - NOTED FOR COMPLIANCE.

Note:

The filing of this Draft Prospectus does not, however, absolve our Company from any liabilities under Section 34, Section 35, Section 36 and Section 38 (1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and / or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Lead Manager any irregularities or lapses in the Draft Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Jaipur in terms of sections 26, 32 and 33 of the Companies Act, 2013.

**Statement on Price Information of Past Issues handled by Mark Corporate Advisors Private Limited:**

Sr. No.	Issuer Name	Issue size (In cr.)	Issue price (₹)	Listing Date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.)	Madhya Pradesh Media Today Limited	14.17	66.00	September 29, 2017	70.00	36.89%	100.45 %	90.90%
						5.46%	7.58%	7.43%
2.)	Tasty Dairy Specialties Limited	24.44	45.00	February 21, 2018	50.75	(2.25%)	(3.30%)	
						7.75%	2.27%	

						0.15%	-10.15%	
3.)	Godha Cabcon & Insulation Limited	9.90	33.00	May 11, 2018	30.25	0.18%	6.146%	

Source: Price Information [www.nseindia.com](http://www.nseindia.com) / [www.bseindia.com](http://www.bseindia.com), Issue Information from respective Prospectus.

Note:

- (a) Based on date of listing.
- (b) NIFTY has been considered as the benchmark index.
- (c) Prices on NSE/BSE are considered for all of the above calculations.
- (d) 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.
- (e) In case 30<sup>th</sup> /90<sup>th</sup> /180<sup>th</sup> day, scrips are not traded then last trading price has been considered.
- (f) N.A. – Period not completed.

### Track Record of past issues handled by Mark Corporate Advisors Private Limited

For details regarding track record of the Lead Manager to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer the website of the Lead Manager at: <http://www.markcorporateadvisors.com>

### Disclaimer from our Company, Director and the Mark Corporate Advisors Private Limited

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU entered between the Lead Manager (Mark Corporate Advisors Private Limited) and our Company on September 01, 2018 and the Underwriting Agreement dated [●] entered into between the Underwriters and our Company and the Market Making Agreement dated [●] entered into among the Market Maker and our Company.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Entities, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, Group Entities, and our affiliates or associates, for which they have received and may in future receive compensation.

### Caution

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company and 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 the Equity Shares in the Issue.

### Disclaimer in Respect of Jurisdiction



This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2 (72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹2500.00 (Twenty Five Hundred) Lakhs and pension funds with a minimum corpus of ₹2,500.00 (Twenty Five Hundred) Lakhs, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, 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 our Company. This Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to jurisdiction of the competent 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. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Equity Shares have not been, and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Prospectus in each jurisdiction, including India.

#### **Disclaimer Clause of the SME Platform of NSE**

As required, a copy of this Issue Document has been submitted to NSE. NSE has given vide its letter [●] dated [●] permission to the Issuer to use the Exchange's name in this Issue Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer Clause under Rule 144A of the U.S. Securities Act**



The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Applicant where required agrees that such Applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

### **Filing**

The Draft Prospectus is being filed with National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

This Draft Prospectus shall not be filed with the SEBI nor will SEBI issue any observation on the Draft Prospectus in term of Regulation 106(M) (3) of the SEBI (ICDR) Regulations. However, a copy of the Prospectus shall be filed with SEBI at the Securities and Exchange Board of India, Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G-Block, 3<sup>rd</sup> Floor, Bandra Kurla Complex, Bandra, (E) Mumbai – 400 051 for their record purpose only.

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the Registrar of Companies, Jaipur.

### **Listing**

The Equity Shares of our Company are proposed to be listed on NSE Emerge Platform. Our Company has obtained in principle approval from NSE by way of its letter dated [●] for listing of equity shares on NSE Emerge.

NSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by NSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus. If such money is not repaid within the prescribed time then our Company becomes liable to repay it, then our Company and every officer in default shall, shall be liable to repay such application money, with interest, as prescribed under the applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of NSE mentioned above are taken within 6 (Six) Working Days of the Issue Closing Date. If Equity Shares are not Allotted pursuant to the Issue within 6 (Six) Working Days from the Issue Closing Date or within such timeline as prescribed by the SEBI, our Company shall repay with interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period, subject to 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 to action under section 447 of the Companies, Act 2013. 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 (a) our Directors, our Promoters, our Company Secretary & Compliance Officer, Chief Financial Officer, our Statutory Auditor, our Peer Review Auditor (b) Lead Manager, Registrar to the Issue, Banker(s) to the Issue\*, Legal Advisor to the Issue, Underwriter(s) to the Issue and Market Maker to the Issue to act in their respective capacities have been obtained as required under Section 26 of the Companies Act, 2013 and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

\*The aforesaid will be appointed prior to filing of the Prospectus with RoC and their consents as above would be obtained prior to the filing of the Prospectus with RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, S. R. Goyal & Co., Chartered Accountants, Statutory and Peer Review Auditors of the Company has agreed to provide their written consent to the inclusion of their respective reports on Statement of Possible Tax Benefits relating to the possible tax benefits and restated financial statements as included in this Draft Prospectus/Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of this Draft Prospectus.

## Experts Opinion

Except for the reports in the section titled “Financial information of the Company” and “Statement of Tax Benefits” beginning on page 126 and page 69 of this Draft Prospectus from the Peer Review Auditors and Statutory Auditor respectively, our Company has not obtained any expert opinions.

## Expenses of the Issue

The total expenses of the Issue are estimated to be approximately [●] Lakhs, which is [●] % of the Issue size. The estimated Issue related expenses include Issue Management Fee, underwriting and management fees SCSB’s commission/ Selling commission, fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. All expenses with respect to the Issue would be paid by our company.

The estimated Issue expenses are as under:

Sr. No.	Particulars	Amount (In Lakhs)	Percentage Of Total Estimated Issue Expenditure	%of Issue Size
1.)	Payment to Merchant Banker including, underwriting and selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Bankers etc and other out of pocket expenses	[●]	[●]	[●]

2.)	Printing and Stationery and postage expenses, Advertising and Marketing expenses	[●]	[●]	[●]
3.)	Regulatory fees and expenses	[●]	[●]	[●]
	<b>Total estimated Issue Expenses</b>	[●]	100%	[●]

\*Included Commission for SCSB, Brokerage and selling commission for Registered Brokers, RTA's and CDPs

### **Fees, Brokerage and Selling Commission payable to the Lead Manager**

The total fees payable to the Lead Manager will be as per the (i) Memorandum of Understanding dated September 1, 2018 with the Lead Manager Mark Corporate Advisors Private Limited, (ii) the Underwriting Agreement dated [●] with Underwriter and (iii) the Market Making Agreement dated [●] with Market Maker, a copy of which is available for inspection at our Registered Office from 10.00 am to 5.00 pm on Working Days from the date of the Draft Prospectus until the Issue Closing Date.

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of CAN, tape and printing of bulk mailing register will be as per the MOU between our Company and the Registrar to the Issue dated [●] a copy of which is available for inspection at our Company's Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send allotment advice by registered post/speed post.

### **Particulars regarding Public or Rights Issues during the last five (5) years**

Except as disclosed in chapter titled "*Capital Structure*" beginning on page 48 in this Draft Prospectus, our Company has not made any previous public or rights issue in India or Abroad the 5 (five) years preceding the date of this Draft Prospectus.

### **Previous issues of Equity Shares otherwise than for cash**

For a detailed description, see chapter titled "*Capital Structure*" beginning on page 48 of this Draft Prospectus.

### **Underwriting Commission, brokerage and selling commission on Previous Issues**

Since this is the initial public offering of our Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since our incorporation.

### **Particulars in regard to our Company and other listed group-companies / subsidiaries/ associates under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 / Section 186 of the Companies Act, 2013 which made any capital issue during the last three years:**

Neither our Company nor any other companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 has made/Section 186 of the Companies Act, 2013, had made any public issue or rights issue during the last three years.

### **Performance vis-a-vis objects – Public/right issue of our Company and /or listed Group Companies/ subsidiaries and associates of our Company**

Except as stated in the chapter titled "*Capital Structure*" beginning on page 48 of this Draft Prospectus our Company has not undertaken any previous public or rights issue. None of the Group Companies/ Entities or associates of our Company are listed on any stock exchange.

### **Performance vis-a-vis objects - Last Issue of Group/Associate Companies**

All of our Group / Associate are unlisted and have not made a public issue of shares except Khator Fibre & Fabrics Limited.

#### **Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

Our Company does not have any outstanding debentures or bonds or Preference Redeemable Shares as on the date of filing this Draft Prospectus.

#### **Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Prospectus.

#### **Option to Subscribe**

Equity Shares being offered through the Draft Prospectus can be applied for in dematerialized form only.

#### **Stock Market Data of the Equity Shares**

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any Stock Exchanges.

#### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least 3 (three) years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

We hereby confirm that there is no investor complaints received during the three years preceding the filing of Draft Prospectus. Since there is no investor complaints received, none are pending as on the date of filing of this Draft Prospectus.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, with a copy to the Compliance Officer and with a copy to the relevant Designated Intermediary with whom the Application Form was submitted.

The Applicant should give full details such as name of the sole/ first Applicant, Application Form number, Applicant DP ID, Client ID, PAN, date of the Application Form, address of the Applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Application Form was submitted by the Applicant. Further, the investor shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents or information mentioned herein above.

#### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 15(fifteen) Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mrs. Bhawna Atolia as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. Contact details for our Company Secretary and Compliance Officer are as follows:

**Name:** Mrs. Bhawna Atolia

**Address:** 244 2nd Floor Ganpati Plaza MI Road, Jaipur - 302001

**Tel. No.:** +91 141 4055354

**E-Mail ID:** compliancett@khator.com

Website: [www.khator.com/techtex/](http://www.khator.com/techtex/)

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated [●]. The constitution of the Stakeholders' Relationship committee is as follows:

S. N.	Name of the Director	Status	Nature of Directorship
1.	Mrs. Bhawana Khator	Chairman	Director
2.	Mr. Dhruv Tiwari	Member	Independent Director
3.	Mr. Shahji Ganpat Khapare	Member	Independent Director

For further details, see chapter titled “*Our Management*” beginning on page 107 of this Draft Prospectus.

**Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account etc.**

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)

#### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

#### **Disposal of investor grievances by listed companies under the same management as our Company**

We do not have any listed company under the same management.

#### **Change in Auditors during the last three (3) years**

There has been no change in Auditors of our Company during the last three financial years.

#### **Capitalization of Reserves or Profits**

Except as disclosed under section titled “*Capital Structure*” beginning on page 48 of this Draft Prospectus, our Company has not capitalized its reserves or profits at any time during the last 5 (five) years.

#### **Revaluation of Assets**

Our Company has not revalued its assets in 5 (five) years preceding the date of this Draft Prospectus.

#### **Tax Implications**

Investors who are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the chapter titled “*Statement of Tax Benefits*” beginning on page no. 69 of this Draft Prospectus.

#### **Purchase of Property**

Other than as disclosed in chapter titled “*Our Business*” on page no. 81 of the Draft Prospectus, there is no property which has been purchased or acquired or the purchase or acquisition of which has not been

completed on the date of the Draft Prospectus, other than property, in respect of which the contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or the amount of the purchase money is not material.

Further, our Company may purchase or acquire property which is to be paid for wholly or partly from the proceeds of the present Issue in line with the 'Objects of the Issue' set out at page 58 of this Draft Prospectus.

Except as stated elsewhere in the Draft Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made there under.

#### **Servicing Behavior**

Except as stated in this Draft Prospectus, there has been no default in payment of statutory dues or of interest or principle in respect of our borrowings or deposits.

#### **Payment or benefit to officers of Our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Except as disclosed in chapter titled "*Our Management*" beginning on page 107 and "*Related Party Transactions*" beginning on page 124 of this Draft Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

## SECTION VIII-ISSUE INFORMATION

### TERMS OF THE ISSUE

*The Equity Shares being issued pursuant to this issue shall be subject to the provision of the Companies Act, SEBI (ICDR) Regulations, 2009, SCRA, SCRR, Memorandum and Articles, the terms of this Draft Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchange, ROC, RBI and / or other authorities, as in force on the date of the Issue and to the extent applicable.*

*Please note that, in accordance with the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants has to compulsorily apply through the ASBA Process.*

Further vide the said circular Registrar to the Issue and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available.

#### Ranking of Equity Shares

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act, 2013 and the Memorandum & Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees upon receipt of Allotment of Equity Shares under this issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of allotment in accordance with Companies Act, 2013 and the Articles. For further details, please refer to the section titled, 'Main Provisions of the Articles of Association of the Company' beginning on page number 231 of this Draft Prospectus.

#### Authority for the Issue

This Issue has been authorized by a Resolution of the Board passed at their meeting held on 27<sup>th</sup> June, 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 Annual General Meeting of the Company held on 07<sup>th</sup> July, 2018

#### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, 2013 and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 2013. For further details, please refer to the chapter titled 'Dividend Policy' and "Main Provisions of the Articles of Association" beginning on pages 125 and 231 of this Draft Prospectus.

#### Face Value and Issue Price

The Equity Shares having a face value of `10 each are being offered in terms of this Draft Prospectus at the price of `[●] per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled 'Basis for Issue Price' beginning on page 67 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.



## **Compliance with SEBI (ICDR) Regulations**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

## **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive annual reports and notices to members;
- 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 and regulations; and the Articles of Association of our Company; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see ‘Main Provisions of Articles of Association’ beginning on page 231 of this Draft Prospectus.

## **Minimum Application Value, Market Lot and Trading Lot**

As per the provisions of the Depositories Act, 1996 & regulations made thereunder and Section 29 (1) of the Companies Act, 2013, the equity shares of a body corporate can be in dematerialized form i.e. not in the form of physical certificates, but be fungible and be represented by the statement issued through electronic mode. The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares and the same may be modified by the NSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Issue will be done in multiples of 3000 Equity Shares subject to a minimum allotment of [●] Equity Shares to the successful Applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

## **Minimum Number of Allottees**

Further in accordance with the Regulation 106R of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and all the monies blocked by SCSBs shall be unblocked within four (4) working days of closure of Issue.

## **Joint Holders**

Where 2 (two) or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

## **Jurisdiction**

Exclusive Jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

*The Equity Share have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly,*

*the Equity Shares are being issued and sold only outside the United States in off-shore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.*

*The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.*

### **Nomination Facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole Applicant, or the first Applicant along with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be titled to make afresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may, thereafter, withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the Applicants require changing of their nomination, they are requested to inform their respective depository participant.

### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Issue capital of our Company, Promoters' minimum contribution as provided in "Capital Structure" on page no. 48 of this Draft Prospectus, and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, please refer "Main Provisions of Articles of Association" on page 231 of this Draft Prospectus.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

### **Withdrawal of the Issue**

Our Company in consultation with the LM, reserve the right to not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two (2) days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Lead Manager through, the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one (1) 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.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Issue after the Bid/ Issue Closing Date and thereafter determines that it will proceed with an issue/issue for sale of the Equity Shares, our Company shall file a fresh Prospectus with Stock Exchange.

### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level and is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the issue through the Issue Document including devolvment of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In accordance with Regulation 106 P (1) of the SEBI (ICDR) Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the issue through the Prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty).

Further, in accordance with Regulation 106(Q) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than `1,00,000 (Rupees One Lac only) per application.

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 issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **Migration to Main Board**

Our company may migrate to the main board of NSE at a later date subject to the following:

- a) If the Paid up Capital of our Company is likely to increase above `25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favor of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

**OR**

- b) If the paid-up Capital of our company is more than `10 Crores but below `25Crores, our Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favor of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### Market Making

The shares offered through this issue is proposed to be listed on the EMERGE Platform of NSE wherein the Lead Manager to the issue shall ensure compulsory Market Making through registered Market Makers of the NSE for a minimum period of three years from the date of listing of shares offered through this Draft Prospectus. For further details of the Market Making arrangement see chapter titled “*General Information-Details of the Market Making Arrangements for this Issue*” beginning on page 46 of this Draft Prospectus.

In accordance with SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012; it has decided to make applicable limits on the upper side for the Market Maker during market making process taking into consideration the Issue size in the following manner:

Issue size	Buy quote exemption threshold (including mandatory initial inventory of 5% of issue size)	Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of issue size)
Up to `20 Crores	25%	24%
`20 Crores to `50 Crores	20%	19%
Above `50 Crores to `80 Crores	15%	14%
Above `80 Crores	12%	11%

Further, the following shall apply to market maker while managing their inventory during the process of market making:

- The exemption from threshold shall not be applicable for the first three months of market making and the market maker shall be required to provide two way quotes during this period irrespective of the level of holding. Any initial holdings over and above such 5% of issue size would not be counted towards the inventory levels prescribed.
- Apart from the above mandatory inventory, only those shares which have been acquired on the platform of the exchange during market making process shall be counted towards the Market Maker's threshold. Threshold limit will take into consideration, the inventory level across market maker.
- The Market Maker shall give two way quotes till it reaches the upper limit threshold; thereafter it has the option to give only sell quotes. Two way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.
- In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.
- Provided, where there is any SEBI debarment order against the company/its promoters/directors, while the SEBI debarment is in force against the company/its promoters/directors, it shall be mandatory for the company to appoint a trading member of NSE as a market maker even after the completion of mandatory period of three years. In case of any default during market making the penalties/actions will be imposed as per the existing guidelines.

### Arrangements for disposal Of Odd Lots

The trading of the Equity Shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the Market Maker shall buy the entire

shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the EmERGE Platform of NSE

### **Restrictions, if any, on Transfer and Transmission of Shares or Debentures and on their Consolidation or Splitting**

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in the chapter '*Capital Structure*' beginning on page no. 48 of this Draft Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled '*Main Provisions of the Articles of Association*' beginning on page no. 231 of this Draft Prospectus. The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

### **Option to receive securities in Dematerialized Form**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

### **New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

Application by eligible NRIs, FPIs Registered with SEBI, VCFs, AIFs registered with SEBI and QFIs

It is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M) (1) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up face value capital is not more than `10 Crore, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of NSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "*Terms of the Issue*" and "*Issue Procedure*" on page 179 and 187 of this Draft Prospectus.

The Issue is being made by way of Fixed Price method.

### Following is the Issue Structure:

Public Issue of 35,12,000 Equity shares of face value of `10 each fully paid (the 'Equity Shares') for cash at a price of `[•] per Equity Share aggregating to `[•] Lacs ('the Issue') by our Company. The Issue comprises a Net Issue to Public of 33,34,400 Equity Shares ('the Net Issue') and a reservation of 1,77,600 Equity Shares for subscription by the designated Market Maker ('the Market Maker Reservation Portion').

Particulars of the Issue	Net Issue to Public*	Maker Reservation Portion
Number of Equity Shares available for allocation	33,34,400 Equity Shares	1,77,600 Equity Shares
Percentage of Issue Size available for allocation	94.94% of the Issue Size	5.06% of the Issue Size
Basis of Allotment	Proportionate basis, subject to minimum allotment of [•] Equity Shares each.  For further details, please refer to the ' <i>Basis of Allotment</i> ' on page no. 199 of this Draft Prospectus	Firm Allotment
Mode of Application	All the Applicants (online & physical) through ASBA process	Through ASBA process only
Minimum Application Size	<i>For QIB &amp; NII:</i> Such number of Equity Shares in multiples of [•] Equity Shares such that the application size exceeds `2,00,000  <i>For Retail Individuals:</i> [•] Equity Shares	1,77,600 Equity Shares
Maximum Application Size	<i>For QIB &amp; NII:</i> Such number of Equity Shares in multiples [•] Equity Shares such that application size does not exceed 33,34,400 Equity Shares  <i>For Retail Individuals:</i> Such number of Equity Shares in multiples of [•] Equity Shares such that application value does not exceed `2,00,000	1,77,600 Equity Shares
Mode of Allotment	Dematerialized form only	Dematerialized form only
Trading Lot	[•] Equity Shares	[•] Equity Shares
Terms of Payment	The entire bid amount will be payable at the time of submission of the Application Form	

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time.



\*As per Regulation 43, sub regulation (4) of SEBI (ICDR) Regulations, the allocation in the net issue to public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to:
  - i) individual applicants other than retail individual investors; and
  - ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) the unsubscribed portion in either of the categories specified in clauses (a) or (b) may be allocated to applicants in the other category

For the purpose of Regulation 43(4), if the retail individual investor category is entitled to more than fifty percent, on proportionate basis, the retail individual investors shall be allocated that higher percentage.

\* In case of joint Application, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

### Withdrawal of the Issue

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- 1) The final listing and trading approvals of NSE for listing of Equity Shares offered through this issue on its SME Platform of “**NSE EMERGE**” which the Company shall apply for after Allotment and
- 2) The final ROC approval of the Prospectus after it is filed with the ROC.

In case, the Company wishes to withdraw the Issue after Issue opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (One each in English and Hindi) and one in regional newspaper.

The Lead Managers, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

### Bid/Issue Programme:

<b>Issue Opening Date</b>	[•]
<b>Issue Closing Date</b>	[•]

Applications and any revision to the same (except that on the Issue Closing Date) will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form. On the Issue Closing date application and revision to the same will be accepted between 10.00 a.m. and 4.00 p.m. Applications will be accepted only on Working Days, i.e., all trading days of stock exchange excluding Sundays and bank holidays.



## ISSUE PROCEDURE

*All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") included below under section '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 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations as amended. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI (Listing Obligation and Disclosure Regulations), 2015. The General Information Document is also available on the websites of the Stock Exchange and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.*

*Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company and the Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Prospectus and the Final Prospectus.*

*This section applies to all the Applicants, Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.*

## PART A

### Fixed Price Issue Procedure

This Issue is being made in terms of Regulation 106(M)(1) of Chapter XB of SEBI (ICDR) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the designated intermediaries such as SCSB or Registered Brokers of Stock Exchanges or Registered Registrars to the Issue and Share Transfer Agents (RTAs) or Depository Participants (DPs) registered with SEBI.

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

As per the provisions of Section 29(1) of the Companies Act, 2013, the Allotment of Equity Shares in the Issue shall be only in a de-materialized form. The Equity Shares on Allotment shall, however, be traded only in the dematerialized segment of the Stock Exchange.

Our Company or the Lead Managers will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency. There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.

### Application Form

Pursuant to SEBI Circular dated January 01, 2016 and bearing No. CIR/CFD/DIL/1/2016, the Application Form has been standardized. Applicants shall only use the specified Application Form for the purpose of making an Application

in terms of this Draft Prospectus. The Application Form shall contain space for indicating number of specified securities subscribed for in demat form.

Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form

The prescribed color of the Application Form for various categories is as follows:

Category	Color of Application Form
Resident Indians and Eligible NRIs applying on a non- repatriation basis (ASBA)	White
Eligible NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), applying on a repatriation basis (ASBA)	Blue

In accordance with SEBI circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants has to compulsorily apply through the ASBA Process.

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. An Investor, intending to subscribe to this Issue, shall submit a completed application form to any of the following Intermediaries (collectively called "*Designated Intermediaries*")

Sr. No.	Designated Intermediaries
1)	An SCSB, with whom the bank account to be blocked, is maintained
2)	A syndicate member (or sub-syndicate member)
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)
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)

*The aforesaid intermediary shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.*

The upload of the details in the electronic bidding system of the Stock Exchange will be done by:

For applications submitted by investors to SCSB : After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.

For applications submitted by investors to intermediaries other than SCSBs : After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.

#### Availability of Prospectus and Application Forms

The Application Forms and copies of the Prospectus may be obtained from the Registered Office Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue and the Registrar to the Issue as mentioned in the Application Form. The application forms may also be downloaded from the website of National Stock Exchange of India Limited i.e. [www.nseindia.com](http://www.nseindia.com).

#### Who can apply?

Persons eligible to invest under all applicable laws, rules, regulations and guidelines: -

- Indian national's resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*. Applications by HUFs would be considered at par with those from individuals;
- Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under the irrespective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB Portion;
- Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional applicant's category;
- Alternative Investment Funds, Venture Capital Funds, Foreign Venture Capital Investors registered with SEBI;
- Portfolio Manager registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of `2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of `2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India

As per the existing regulations, OCBs cannot participate in this Issue.

#### **Participation by Associates/Affiliates of Lead Manager**

The Lead Manager and the Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Lead Manager and Syndicate Member, if any, may subscribe to Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion, as may be applicable to such applicants, where the allotment is on a proportionate basis. All categories of Applicants, including associates and affiliates of the Lead Manager and the Syndicate Member, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

#### **Option to Subscribe in the Issue**

- a) As per Section 29(1) of the Companies Act 2013, Investors will get the allotment of Equity Shares in dematerialization form only.
- b) The Equity Shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- c) In a single Application Form any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

#### **Application by Indian Public including Eligible NRIs applying on Non-Repatriation basis**

Application must be made only in the names of individuals, limited companies or Statutory Corporations / Institutions

and not in the names of minors, foreign nationals, non-residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's applications shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. Eligible NRIs applying on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE / FCNR accounts as well as NRO accounts.

### **Applications by Eligible NRIs/RFPs on Repatriation Basis**

Application Forms have been made available for eligible NRIs at our Registered Office and at the Registered Office of the Lead manager. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRIs subject to the terms and conditions stipulated therein. Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs on repatriation basis. Allotment of equity shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

*As per the current regulations, the following restrictions are applicable for investments by FPIs:*

- 1) Foreign Portfolio Investor shall invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange or not; (c) Units of schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized stock exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as 'Infrastructure Finance Companies' (IFCs) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.
- 2) Where a foreign institutional investor or a sub account, prior to commencement of these regulations, holds equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after initial public offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment for the time being in force.
- 3) In respect of investments in the secondary market, the following additional conditions shall apply:
  - (a) A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
  - (b) Nothing contained in clause (a) shall apply to:
    - (i) Any transactions in derivatives on a recognized stock exchange;
    - (ii) Short selling transactions in accordance with the framework specified by the Board;
    - (iii) Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (iv) Any other transaction specified by the Board.
  - (c) No transaction on the stock exchange shall be carried forward;

- (d) The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to:
- (i) transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
  - (ii) Sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (iii) Sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;
  - (iv) Sale of securities, in accordance with the Securities and Exchange Board of India (Buyback of securities) Regulations, 1998;
  - (v) Divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines for Disinvestment of Shares by Indian Companies in the overseas market through issue of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;
  - (vi) Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
  - (vii) Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (viii) Any other transaction specified by the Board.
- (e) A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form:

Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized.

Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.

- 4) The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.
- 5) The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.
- 6) In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.
- 7) A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard.

No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:

- (a) Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;
- (b) Such offshore derivative instruments are issued after compliance with know your client's norms:

Provided that those unregulated broad-based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal in offshore derivatives instruments directly or indirectly:

Provided further that no Category III foreign portfolio investor shall issue, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly.



A foreign portfolio investor shall ensure that further issue or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.

Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to offshore derivative instruments such as participatory notes, equity linked notes or any other such instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.

Any offshore derivative instruments issued under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014.

The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10% of the total issued capital of the company.

A FII or its subaccount which holds a valid certificate of registration shall, subject to payment of conversion fees, be eligible to continue to buy, sell or otherwise deal in securities till the expiry of its registration as a foreign institutional investor or sub-account, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

A qualified foreign investor may continue to buy, sell or otherwise deal in securities subject to the provisions of the SEBI (Foreign Portfolio Investors) Regulations, 2014, for a period of one year from the date of commencement of the aforesaid regulations, or until it obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

#### **Application by Mutual Funds**

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to reject any application without assigning any reason thereof.

Applications made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made. As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any single Company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific funds/Schemes. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

In case of a Mutual Fund, a separate Application can be made in respect of a scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

#### **Applications by SEBI registered Alternative Investment Fund (AIF), Venture Capital Funds and Foreign Venture Capital Investors**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. As per the current regulations, the following restrictions are applicable for SEBI registered venture capital funds and foreign venture capital investors:

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investor can invest only upto 33.33% of the funds available for investment by way of subscription to an Initial Public Offer.

The SEBI (Alternative Investment Funds) Regulations, 2012 prescribes investment restrictions for various categories of AIF's.

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 33.33% 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 Regulations.

Our Company or the Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis for the purpose of allocation.

### **Applications by Limited Liability Partnerships**

In case of applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. Limited Liability Partnerships can participate in the Issue only through the ASBA process.

### **Applications by Insurance Companies**

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- 1) *Equity Shares of a Company*: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- 2) *The entire group of the Investee Company*: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or re-insurer (25% in case of ULIPS); and
- 3) *The industry sector in which the investee Company operates*: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors on December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

### **Application under Power of Attorney**

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹2,500 Lakhs a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason therefore.



In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to applications by VCFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (c) With respect to applications made by Provident Fund with minimum corpus of ₹2,500 Lacs (subject to applicable law) and Pension Fund with a minimum corpus of ₹2,500 Lakhs, a certified copy of a certificate from a Chartered Accountant certifying the corpus of the Provident Fund / Pension Fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form, subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the Power of Attorney to request the Registrar to the Issue that, for the purpose of mailing of the Allotment Advice /CANs/ letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

### **Applications by Banking Companies**

In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Application without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949 as amended is 30.00% of the paid-up share capital of the investee company or 30.00% of the banks own paid up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 01, 2015 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

### **Applications by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 02, 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 application.

### **Application by Provident Funds / Pension Funds**

In case of applications made by Provident Fund/Pension Fund, subject to applicable laws, with minimum corpus of

₹2,500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the Provident Fund/ Pension Fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

### **Terms of Payment / Payment Instructions**

The entire Issue price of ₹[●] per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants.

- All Applicants are required to make use ASBA for applying in the Issue
- Application Amount cannot be paid in cash, through money order, cheque or through postal order or through stock invest.
- Applicants may submit the Application Form in physical mode to the Designated Intermediaries.
- Applicants must specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- From one ASBA Account, a maximum of five Applications can be submitted.
- Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

### **Maximum and Minimum Application Size**

#### **a) For Retail Individual Applicants**

The Application must be for a minimum of [●] Equity Shares and in multiples of [●] equity shares thereafter, so as to ensure that the Application amount payable by the Applicant does not exceed ₹2,00,000. In case of revision of applications, the Retail Individual Applicants have to ensure that the application amount does not exceed ₹2,00,000.

#### **b) For Other Applicants (Non-Institutional Applicants and QIBs)**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹2,00,000 for being considered for allocation in the Non-Institutional Portion.

Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.

### Information for the Applicants

- 1.) Our Company and the Lead Managers shall declare the Issue Opening Date and Issue Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation. This advertisement shall be in the prescribed format.
- 2.) Our Company will file the Prospectus with the RoC at least three days before the Issue Opening Date.
- 3.) Any Applicant who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Registered Office.
- 4.) Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorised agent(s).
- 5.) Applications should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
- 6.) The Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries. Further Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
- 7.) Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be suspended for credit and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Applicants.
- 8.) The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the Issue or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.

### Instructions for completing the Application Form

The Applications should be submitted on the prescribed Application Form and in **BLOCK LETTERS** in **English** only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the drafts intermediaries otherwise it will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/ mail their applications at their sole risk along with Demand payable at Mumbai.

SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application Forms in Public Issues using the stock broker ("broker") network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of NSE i.e. [www.nseindia.com](http://www.nseindia.com).

### Applicant's Depository Account and Bank Details

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository

Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs/ Allocation Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

### **Basis of Allotment**

Allotment will be made in consultation with the NSE. In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful Applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for in to the inverse of the oversubscription ratio).
3. For applications where the proportionate allotment works out to less than [●]shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted [●]Equity Shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the draw l of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of [●] Equity Shares, the applicant would be allotted Shares by rounding off to the nearest multiple of [●]Equity Shares subject to a minimum allotment of [●]equity shares.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 3,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.
6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
  - a) As the retail individual investor category is entitled to more than fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
  - b) The balance net offer of shares to the public shall be made available for allotment to
    - i. Individual applicants other than retails individual investors and
    - ii. Other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - c) The unsubscribed portion of the net offer to anyone of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than `2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with NSE.

The Executive Director / Managing Director of NSE – the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

**Payment by Stock Invest**

In terms of the Reserve Bank of India circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 05, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

**General Instructions:****Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are up dated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- All Applicants should submit their application through ASBA process only.
- Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB;
- Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- Ensure that you have requested for and receive a acknowledgement\
- Investors shall note that persons banned from accessing capital market are ineligible of investing in the offer.

**Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form;
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue;
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches/Offices of the Banker to the Issue;
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

**Other Instructions****Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

**Multiple Applications**

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- (i) All applications are electronically strung on first name, address (1<sup>st</sup> line) and applicant's status. Further, these



applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father / husband's name to determine if they are multiple applications.

- (ii) Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- (iii) Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of 'Know Your Client' norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ('PAN') to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 02, 2007. Each of the Applicants should mention his / her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

### **Right to Reject Applications**

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non-Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

### **Grounds for Rejections**

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of [●]
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of

the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;

- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulations or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of the irrespective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non-Institutional Applicants where the Application Amount is in excess of ₹2,00,000 received after 4.00 pm on the Issue Closing Date;

### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of section 38(1) 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 of Companies Act, 2013 and shall be treated as Fraud.

### **Signing of Underwriting Agreement**

Vide an Underwriting agreement dated [●] this issue is 100% Underwritten.

### **Filing of the Prospectus with the RoC**

The company will file a copy of the Prospectus with the Registrar of Companies, Jaipur, in terms of Section 26 of Companies Act, 2013.

### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013 the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation. In the pre-issue advertisement, we shall state the Issue Opening Date and the Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

### **Designated Date and Allotment of Equity Shares**

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Issue Closing Date. In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within two months from the date of allotment thereof or such extended time as may be approved by the National Company Law Tribunal under Section 56 of the Companies Act, 2013 or other applicable provisions, if any. Allottees are



requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates. After the funds are transferred from the SCSB's to Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the Allottees shall be within one working day of the date of approval of Basis of Allotment by Designated Stock Exchange. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated/ allotted to them pursuant to this issue.

#### **Payment of Refund**

In the event that the listing of the Equity Shares does not occur in the manner described in this Draft Prospectus, the Lead Manager shall intimate Public Issue Bank and Public Issue Bank shall transfer the funds from Public Issue account to Refund Account as per the written instruction from Lead Manager and the Registrar for further payment to the beneficiary applicants.

#### **Undertakings by our Company**

The Company undertakes the following:

1. that if our Company do not proceed with the Issue after the Issue Closing Date, the reason thereof shall be given as a public notice in the newspapers to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers in which the Pre- Issue advertisement was published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
2. that if our Company withdraw the Issue after the Issue Closing Date, our Company shall be required to file afresh offer document with the ROC/SEBI, in the event our Company subsequently decides to proceed with the Issue;
3. That the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
4. That all steps shall be taken to ensure that listing and commencement of trading of the Equity Shares at the Stock Exchange where the Equity Shares are proposed to be listed are taken within six Working Days of Issue Closing Date or such time as prescribed;
5. That if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be 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 ICDR Regulations and applicable law for the delayed period;
6. That the letter of allotment/ unblocking of funds to the non-resident Indians shall be dispatched within specified time; and
7. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed.

#### **Utilization of Issue Proceeds**

Our Board certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act, 2013;
2. Details of all monies utilized out of the issue referred to in point 1 above shall be disclosed and continued to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilized;
3. Details of all unutilized monies out of the Issue referred to in 1, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
4. Our Company shall comply with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

#### **Withdrawal of the Issue**

Our Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue, in whole or any part thereof at any time after the Issue Opening Date but before the Allotment, with assigning reason thereof. The notice

of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared within Two days of Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for such decision and. The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

1. The final RoC approval of the Prospectus after it is filed with the concerned RoC.
2. The final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment and if our Company withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, our Company shall file a fresh prospectus with stock exchange.

#### Equity Shares in Dematerialized Form with NSDL or CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company has entered into following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- (a) We have entered into tripartite agreement between NSDL, the Company and the Registrar to the Issue dated [●];
- (b) We have entered into tripartite agreement between CDSL, the Company and the Registrar to the Issue dated [●]

The Company's Equity shares bear an ISIN Number [●]

An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.

- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness so this or her Demographic Details given in the Application Form Vis à Vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- The allotment and trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

#### Communications

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application and a copy of the acknowledgement slip. Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts etc.

In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants has to compulsorily apply through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make the independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on [www.sebi.gov.in](http://www.sebi.gov.in). For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

### **ASBA Process**

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ('ASBA Account') is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful Applicants to the ASBA Public Issue Account. In case of withdrawal / failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Lead Manager.

Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the Applicant shall submit the ASBA Application Format the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

### **Who can apply?**

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 01, 2010 all the investors can apply through ASBA process and after SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all investors must apply through the ASBA Process.

### **Mode of Payment**

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

Application Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Application Form accompanied by cash, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the Applicants from the respective ASBA Account in terms of the SEBI Regulations, into the Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective Applicants, would be required to be blocked in the respective ASBA accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the Application, as the case may be.

### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the Public Issue Account as per the provisions of section 40(3) of the Companies Act, 2013 and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA, as the case may be.

## **PART - B**

### **GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES**

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Prospectus /Prospectus before investing in the Issue.

#### **SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)**

This document is applicable to the public issues undertaken inter-alia through Fixed Price Issues. The purpose of the - General Information Document for Investing in Public Issues is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”). Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue; are set out in the Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the

Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the LM(s) to the Issue and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section ‘Glossary & Abbreviations’.

#### **SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE**

##### **2.1. Initial Public Offer (IPO)**

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is inter-alia required to comply with the eligibility requirements of in terms of either

Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under chapter XB of the SEBI (ICDR) Regulations, wherein as per:

- Regulation 106M (1): An issuer whose post-issue face value Capital does not exceed Ten Crores rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M (2): An issuer, whose post issue face value capital, is more than Ten Crores rupees and upto Twenty Five Crores rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present Issue is being made under Regulation 106M(1) of Chapter XB of SEBI (ICDR) Regulation.

## 2.2. Other Eligibility Requirements

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 and the Companies Act, 2013 as may be applicable (the —Companies ActI), The Securities Contracts (Regulation) Rules, 1957 (the —SCRRI), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation:

- (a.) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, Issue has to be 100% underwritten and the LM has to underwrite at least 15% of the total issue size.
- (b.) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013
- (c.) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issued any observations on the Offer Document. The Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- (d.) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.
- (e.) The company should have track record of at least 3 years.
- (f.) The company should have positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and its net-worth should be positive.
- (g.) The post issue paid up capital of the company (face value) shall not be more than `25 Crores.
- (h.) The Issuer shall mandatorily facilitate trading in demat securities.
- (i.) The Issuer should not been referred to Board for Industrial and Financial Reconstruction.
- (j.) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.
- (k.) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the Issuer.
- (l.) The Company should have a website.
- (m.) There has been no change in the promoter of the Company in the one year preceding the date of filing application to NAtional Stock Exchange of India Limited for listing on their Emerge platform.

Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter XB of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this Issue.

Thus Company is eligible for the Issue in accordance with regulation 106 M (1) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital doesnot exceed exceeds ₹1,000 lakhs. Company also



complies with the eligibility conditions laid by the NSE EMERGE for listing of our Equity Shares.

### **2.3. Types of Public Issues-Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“Book Built Issue”) or undertake a Fixed Price Issue (“Fixed Price Issue”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Issue Opening Date, in case of an IPO and at least one Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### **2.4. Issue Period**

The Issue shall be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange(s).

### **2.5. Migration to Main Board**

In accordance with the NSE Circular dated April 18, 2018, our Company will have to be mandatorily listed and traded on the NSE Emerge for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the NSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations. As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of NSE on a later date subject to the following:

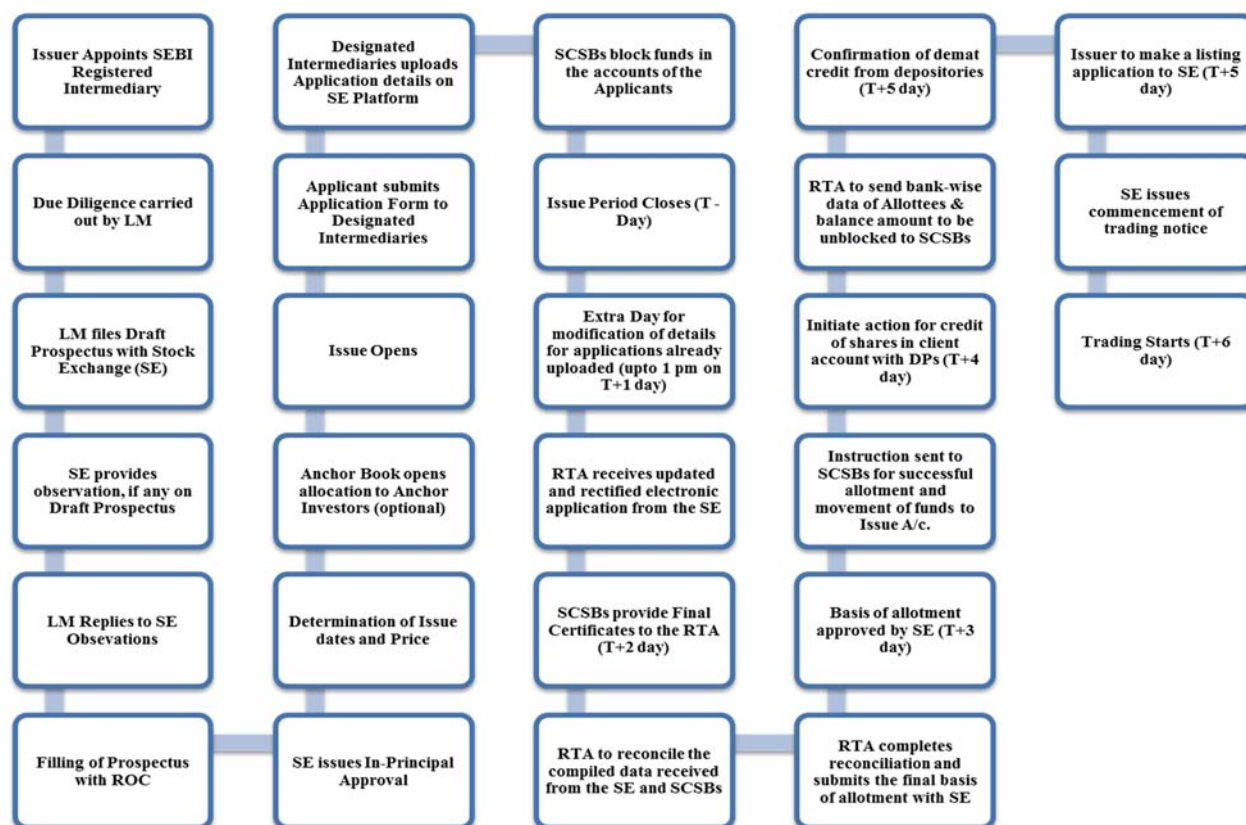
- If the Paid up Capital of our Company is likely to increase above Rs. 25 Crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which our Company has obtained in-principal approval from the main board), we shall have to apply to NSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board

OR

- If the Paid-Up Capital of our Company is more than Rs.10.00 Crore and up to Rs. 25.00 Crore, our company may still apply for migration to the Main Board If our Company fulfils the eligibility criteria for listing laid down by the Main Board of NSE and if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## 2.6. Flowchart of Timelines

A flow chart of process flow in Fixed Price Issues is as follows:



## SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Applicant should check whether it is eligible to apply under applicable law. Further more, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details. Subject to the above, an illustrative list of Applicants is as follows:

- (i.) Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors through natural/legal guardian;
- (ii.) Hindu Undivided Families or HUFs in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
- (iii.) Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- (iv.) Mutual Funds registered with SEBI;
- (v.) Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- (vi.) Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- (vii.) FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
- (viii.) Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- (ix.) State Industrial Development Corporations;
- (x.) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest inequity shares;



- (xi.) Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- (xii.) Insurance Companies registered with IRDA;
- (xiii.) Provident Funds and Pension Funds with minimum corpus of `2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- (xiv.) Multilateral and Bilateral Development Financial Institutions;
- (xv.) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- (xvi.) Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
- (xvii.) Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws. As per the existing regulations, OCBs cannot participate in this Issue.

#### **SECTION 4: APPLYING IN THE ISSUE**

Fixed Price Issue: Applicants should only use the specified Application Form either bearing the stamp of Application Collecting Intermediaries as available or downloaded from the websites of the Stock Exchanges. Application Forms are available Designated Branches of the SCSBs, at the registered office of the Issuer and at the registered office of LM. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Application Form for various categories of Applicants is as follows:

<b>Category</b>	<b>Color of the Application</b>
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FPIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), on a repatriation basis	Blue
Anchor Investors (where applicable) & Applicants applying in the reserved category	Not Applicable

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

#### **4.1. Instructions for Filing the Application Form (Fixed Price Issue)**

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Application Form are liable to be rejected. Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

The samples of the Application Form for resident Applicants and the Application Form for Non-Resident Applicants are reproduced below:

# Application Form-R

**COMMON BID CUM APPLICATION FORM**

TO,  
THE BOARD OF DIRECTORS  
XYZ LIMITED

**XYZ LIMITED - INITIAL PUBLIC ISSUE - R**

Address : \_\_\_\_\_ Contact Details : \_\_\_\_\_ CIN No. \_\_\_\_\_

**FIXED PRICE SME ISSUE**

**INE000000000000**

**FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS**

Bid cum Application Form No. \_\_\_\_\_

---

**1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER**

Mr / Ms \_\_\_\_\_

Address : \_\_\_\_\_

Tel. No (with STD code) / Mobile : \_\_\_\_\_ Email : \_\_\_\_\_

**2. PAN OF SOLE / FIRST BIDDER**

\_\_\_\_\_

---

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL

For NSDL, enter 8-digit DP ID followed by 8-digit Client ID / For CDSL, enter 16-digit Client ID

**4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")**

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 0.01 only) (In Figures)			"Cut-off" (Please tick) (In ₹)
		Bid Price	Retail Discount	Net Price	
Option 1	_____	_____	_____	_____	<input type="checkbox"/>
(OR) Option 2	_____	_____	_____	_____	<input type="checkbox"/>
(OR) Option 3	_____	_____	_____	_____	<input type="checkbox"/>

---

**5. CATEGORY**

☐ Retail Investor Bidder

☐ Non-Institutional Bidder

☐ QIB

**6. INVESTOR STATUS**

☐ Individual(s) - IND

☐ Hindu Undivided Family\* - HUF

☐ Bodies Corporate - CO

☐ Banks & Financial Institutions - FI

☐ Mutual Funds - MF

☐ Non-Resident Indians - NRI (Non-Repatriation basis)

☐ National Investment Fund - NIF

☐ Insurance Funds - IF

☐ Insurance Companies - IC

☐ Venture Capital Funds - VCF

☐ Alternative Investment Funds - AIF

☐ Others (Please specify) - OTH

\* HUF should apply only through Karva (Application by HUF would be treated as per work Individual)

---

**7. PAYMENT DETAILS**

Amount paid (₹ in figures) \_\_\_\_\_ (₹ in words) \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Bank Name & Branch : \_\_\_\_\_

**PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐**

---

**8A. SIGNATURE OF SOLE / FIRST BIDDER**

\_\_\_\_\_

**8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S)**  
(As per Bank Records)

I/We authorize the SCSE to do all acts as are necessary to make the Application at the time:

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

**BROKER / SCSE / DP/RTA STAMP** (Acknowledging receipt of Bid in Stock Exchange system)

\_\_\_\_\_

---

**LOGO**

**XYZ LIMITED**

**INITIAL PUBLIC ISSUE - R**

**Acknowledgement Slip for Broker/SCSE/DP/RTA**

Bid cum Application Form No. \_\_\_\_\_

PAN of Sole / First Bidder : \_\_\_\_\_

---

DPID / CLID : \_\_\_\_\_

Amount paid (₹ in figures) \_\_\_\_\_ Bank & Branch : \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Received from Mr/Ms : \_\_\_\_\_

Telephone / Mobile : \_\_\_\_\_ Email : \_\_\_\_\_

**Stamp & Signature of SCSE Branch**

\_\_\_\_\_

---

**XYZ LIMITED - INITIAL PUBLIC ISSUE - R**

	Option 1	Option 2	Option 3
No. of Equity Shares	_____	_____	_____
Bid Price	_____	_____	_____
Amount Paid (₹)	_____	_____	_____
ASBA Bank A/c No. _____			
Bank & Branch : _____			

**Stamp & Signature of Broker / SCSE / DP / RTA**

\_\_\_\_\_

**Acknowledgement Slip for Bidder**

Bid cum Application Form No. \_\_\_\_\_



#### 4.1.1. Field Number 1: Name and Contact Details of the Sole/First Applicant

Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- (a.) *Mandatory Fields:* Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned/undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- (b.) *Joint Applications:* In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (c.) *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:

- makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities;
- or makes or abets making of multiple applications to a Company in different names or indifferent combinations of his name or surname for acquiring or subscribing for its securities; or
- otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,

Shall be liable for action under section 447 of the said Act.

- (d.) *Nomination Facility to Applicant:* Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

#### 4.1.2. Field Number 2: PAN of Sole/First Applicant

- (a.) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b.) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim (—PAN Exempted Applicants!). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c.) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in active status; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d.) Application Forms which provide the General Index Register Number instead of PAN may be rejected.



- (e.) Applications by Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as —Inactive demat accounts and demographic details are not provided by depositories.

#### 4.1.3. Field Number 3: Applicants Depository Account Details

- (a.) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, otherwise, the Application Form is liable to be rejected.
- (b.) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- (c.) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to an Issue.
- (d.) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicant’s sole risk.

#### 4.1.4. Field Number 4: Application Details

- (a.) The Issuer may mention Price in the Prospectus. However a prospectus registered with RoC contains one price.
- (b.) Minimum And Maximum Application Size
- (i.) *For Retail Individual Applicants:*  
The Application must be for a minimum of [●] Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed ₹2,00,000, they can make Application for only minimum Application size i.e. for [●] Equity Shares.
- (ii.) *For Other Applicants (Non Institutional Applicants and QIBs):*  
The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹2,00,000 for being considered for allocation in the Non Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Prospectus.
- (c.) Multiple Applications: An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to any other Application Collecting Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (d.) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
- (i.) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

- (ii.) For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (e.) The following applications may not be treated as multiple Applications:
  - (i.) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
  - (ii.) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.
  - (iii.) Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.1.5. Field Number 5: Category of Applicants**

- (a.) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Application, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b.) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c.) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation, applicant may refer to the Prospectus.

#### **4.1.6. Field Number 6: Investor Status**

- (a.) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b.) Certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- (c.) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- (d.) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7. Field 7: Payment Details**

Please note that, providing bank account details in the space provided in the Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

##### **4.1.7.1. Payment instructions for Applicants\**

- (a) Applicants may submit the Application Form in physical mode to the Application Collecting Intermediaries.
- (b) Applicants should specify the Bank Account number in the Application Form.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

- (e) From one Bank Account, a maximum of five Application Forms can be submitted.
- (f) Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained. In case Applicant applying through Application Collecting Intermediary other than SCSB, after verification and upload, the Application Collecting Intermediary shall send to SCSB for blocking of fund.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and subsequent transfer of the Application Amount against the Allotted Equity Shares, if any, to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- (l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

#### **4.1.8. Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected/ partial/ non allotment ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 6 Working Days of the Issue Closing Date.

##### **4.1.8.1. Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discount offered in the Issue, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

##### **4.1.8.2. Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to block funds in their Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of applications by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.



#### **4.1.9. Field Number 8: Signatures and other Authorisations**

- (a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Applicant, then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the Applications, signature has to be correctly affixed in the authorisation/undertaking box in the Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the application amount mentioned in the Application Form.
- (d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

#### **4.1.10. Acknowledgement and Future Communication**

Applicants should ensure that they receive the acknowledgment duly signed and stamped by Application Collecting Intermediaries, as applicable, for submission of the Application Form.

- (a) All communications in connection with Applications made in the Issue should be addressed as under:
  - (i.) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, unblocking of funds, the Applicants should contact the Registrar to the Issue.
  - (ii.) In case of applications submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
  - (iii.) Applicant may contact the Company Secretary and Compliance Officer or LM(s) in case of any other complaints in relation to the Issue.
- (b) The following details (as applicable) should be quoted while making any queries -
  - (i.) Full name of the sole or First Applicant, Application Form number, Applicants DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application And ASBA Account Number and Name.
  - (ii.) In case of ASBA applications, ASBA Account number in which the amount equivalent to the application amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.

#### **1.2 Instructions for filing the Revision Form**

- (a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- (b) RII may revise/withdraw their applications till closure of the Issue period
- (c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- (d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the SCSB through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

# Revision Form-R

**COMMON BID CUM APPLICATION FORM**

TO,  
THE BOARD OF DIRECTORS  
XYZ LIMITED

LOGO

**XYZ LIMITED - INITIAL PUBLIC ISSUE - R**

Address 1: \_\_\_\_\_ Contact Details: \_\_\_\_\_ CIN No: \_\_\_\_\_

**FIXED PRICE SME ISSUE**

**INE000000000000**

**FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS**

Bid cum Application Form No. \_\_\_\_\_

---

**1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER**

Mr / Ms \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Tel. No (with STD code) / Mobile: \_\_\_\_\_

**2. PAN OF SOLE / FIRST BIDDER**

\_\_\_\_\_

---

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL

For NSDL, enter 8-digit DP ID followed by 8-digit Client ID / For CDSL, enter 16-digit Client ID

**4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")**

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 0.01 only) (In Figures)			"Cut-off" (Please tick)
		Bid Price	Retail Discount	Net Price	
Option 1	_____	_____	_____	_____	<input type="checkbox"/>
(OR) Option 2	_____	_____	_____	_____	<input type="checkbox"/>
(OR) Option 3	_____	_____	_____	_____	<input type="checkbox"/>

---

**5. CATEGORY**

☐ Retail Investor Bidder

☐ Non-Institutional Bidder

☐ QIB

**6. INVESTOR STATUS**

☐ Individual(s) - IND

☐ Hindu Undivided Family - HUF

☐ Bodies Corporate - CO

☐ Banks & Financial Institutions - FI

☐ Mutual Funds - MF

☐ Non-Resident Indians - NRI (Non-Repatriation basis)

☐ National Investment Fund - NIF

☐ Insurance Funds - IF

☐ Insurance Companies - IC

☐ Venture Capital Funds - VCF

☐ Alternative Investment Funds - AIF

☐ Others (Please specify) - OTH

\* BIP should apply only through Karus (Application by BIP would be treated as per with Individual)

---

**7. PAYMENT DETAILS**

Amount paid (₹ in figures) \_\_\_\_\_ (₹ in words) \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Bank Name & Branch \_\_\_\_\_

**PAYMENT OPTION: FULL PAYMENT ☐ PART PAYMENT ☐**

---

**8A. SIGNATURE OF SOLE / FIRST BIDDER**

\_\_\_\_\_

**8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S)**  
(As per Bank Records)

I/We authorize the SCSE to do all acts as are necessary to make the Application at the time:

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

**BROKER / SCSE / DP/RTA STAMP** (Acknowledging receipt of Bid in Stock Exchange system)

\_\_\_\_\_

---

LOGO

**XYZ LIMITED**

**INITIAL PUBLIC ISSUE - R**

**Acknowledgement Slip for Broker/SCSE/DP/RTA**

Bid cum Application Form No. \_\_\_\_\_

PAN of Sole / First Bidder \_\_\_\_\_

---

DPID / CLID \_\_\_\_\_

Amount paid (₹ in figures) \_\_\_\_\_ Bank & Branch \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Received from Mr/Ms \_\_\_\_\_

Telephone / Mobile \_\_\_\_\_ Email \_\_\_\_\_

**Stamp & Signature of SCSE Branch**

\_\_\_\_\_

---

**XYZ LIMITED - INITIAL PUBLIC ISSUE - R**

No. of Equity Shares \_\_\_\_\_

Bid Price \_\_\_\_\_

Amount Paid (₹) \_\_\_\_\_

ASBA Bank A/c No. \_\_\_\_\_

Bank & Branch \_\_\_\_\_

**Stamp & Signature of Broker / SCSE / DP / RTA**

\_\_\_\_\_

**Acknowledgement Slip for Bidder**

Bid cum Application Form No. \_\_\_\_\_

### 1.2.1 Fields 1, 2 and 3: Name and Contact Details of Sole/First Applicant, PAN of Sole/First Applicant & Depository Account Details of the Applicant

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

### 1.2.2 Field 4 & 5: Application Revision 'From' and 'To'

- (a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.
- (b) In case of revision of applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should exceed ₹2,00,000/- due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category.

### 1.2.3 Field 6: Payment Details

- (a) All Applicants are required to make payment of the full application amount along with the Revision Form.
- (b) Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

### 1.2.4 Fields 7: Signatures and Acknowledgements

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

## 1.3 Submission of Revision Form/Application Form

Applicants may submit completed application form / Revision Form in the following manner:

Mode of Application Form	Submission of Application Form
All Investors Application	To the Application Collecting Intermediaries as mentioned in the Prospectus/ Application Form

## SECTION-5: ISSUE PROCEDURE IN FIXED PRICE ISSUE

### 1. Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue

As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Application Collecting Intermediaries and apply only through ASBA facility.

ASBA Applicants may submit an Application Form either in physical/electronic form to the Application Collecting Intermediaries 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 Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

## 2. Grounds of Rejections

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 (other than minor having valid depository accounts as per demographic details provided by the depository);
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Applications as defined in the Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number; Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or 'Qualified Institutional Buyers' as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/ first Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹2,00,000, received after 4.00 p.m. on the Issue Closing Date, unless the extended time is permitted by NSE.
- Details of ASBA Account not provided in the Application form

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section of the GID.

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE APPLICATION COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

### SECTION-6: ISSUE PROCEDURE IN BOOK BUILT ISSUE

This being Fixed Price Issue, this section is not applicable for this Issue.

## SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

### 7.1. BASIS OF ALLOTMENT

Allotment will be made in consultation with National Stock Exchange of India Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

- (a.) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of Applicants in the category x number of Shares applied for).
- (b.) The number of Shares to be allocated to the successful Applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- (c.) For applications where the proportionate allotment works out to less than [●]equity shares the allotment will be made as follows:
  - (i.) Each successful Applicant shall be allotted [●]equity shares; and
  - (ii.) The successful Applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
- (d.) If the proportionate allotment to an Applicant works out to a number that is not a multiple of [●] equity shares, the Applicant would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●]equity shares.
- (e.) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicants in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 6,000 Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
- (f.) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Applicants as described below:
  - (i.) As per Regulation 43 (4) of SEBI (ICDR), as the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
  - (ii.) The balance net offer of shares to the public shall be made available for allotment to
    - Individual applicants other than retails individual investors and
    - Other investors, including corporate bodies/ institutions irrespective of number of shares applied for.
  - (iii.) The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than `2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with NSE.

The Executive Director / Managing Director of NSE-the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

### 7.2. Designated Date and Allotment of Equity Shares

- (a.) Designated Date: On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.
- (b.) Issuance of Allotment Advice: Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are



advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

(c.) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d.) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Applicants Depository Account will be completed within 4 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Issue Account on the Designated Date.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 Completion of Formalities for Listing & Commencement of Trading**

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 5 Working Days of the Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 5 Working Days of the Issue Closing Date.

### **8.2 Grounds for Refund**

#### **8.2.1 Non Receipt of Listing Permission**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the Prospectus.

#### **8.2.2 Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the —stated minimum amount has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvment of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest at a rate prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitution or additional provisions as has been or may be notified under the Companies Act, 2013).

#### **8.2.3 Minimum Number of Allottees**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.



### 8.3 Mode of Refund

Within 6 Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

#### 8.3.1 Mode of making refunds

The Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA applications or in the event of withdrawal or failure of the Issue.

### 8.4 Interest in Case of Delay in Allotment or Refund

The Issuer may pay interest at the rate of 15% per annum /or demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not done within the 4 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 days from the Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or Regulation as amended from time to time.

#### General Terms:

Term(s)	Description
‘Our Company’ or ‘The Company’ or ‘The Issuer’	Khator Technical Textile, a company incorporated under the Companies Act, 1956 and having its Registered office at 244 2 <sup>nd</sup> Floor Ganpati Plaza, MI Road, Jaipur – 302001
‘we’, ‘us’ or ‘our’	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries

#### Company related Terms:

Term(s)	Description
Articles/Articles of Association/AOA	Unless the context otherwise requires, refers to the Articles of Association of our Company, as amended from time to time.
Auditor/Statutory Auditor/ Statutory and Peer Review Auditor/ Peer Review Auditor	The Auditor of the Company being S. R. Goyal & Co., Chartered Accountants, having its Office at “SRG House” Plot No. 2, M.I. Road, Opp. Ganpati Plaza, Jaipur – 302001
Bankers to Our Company	Central Bank of India, Churchgate Branch
Board/Board of Directors/Our Board	The Board of Directors of our Company, as duly constituted from time to time, or committee(s) thereof
Corporate Office	9/11, Assembly Lane, 38, Dadiseth Agiary Lane, Ground Floor, Kalbadevi Road, Mumbai - 400 002
Director(s)	The Director(s) on the Board of Our Company as appointed from time to time, unless otherwise specified
Equity Shares	Equity Shares of our Company of face value of ₹10 each
Equity Shareholders	The holders of Equity Shares of our Company
Group Companies/Entities	Such companies/entities as covered under the applicable accounting standards and such other companies as considered material by the Board.

Term(s)	Description
Key Managerial Personnel/ KMP	For details, please refer “ <i>Group Entities</i> ” on page no 121 of this Draft Prospectus Key Managerial Personnel of our Company in terms of the SEBI (ICDR) Regulations, 2009 and Companies Act, 2013.  For details, please refer “ <i>Our Management</i> ” on page no 107 of this Draft Prospectus
Khator Technical Textiles Limited/ KHATOR TECHNICAL/ KTTL/ the Company/our Company/ we/ us/ our and the Issuer Company	Khator Technical Textiles Limited, a Public Limited Company incorporated under the provisions of the Companies Act, 1956
Memorandum/Memorandum of Association/MOA	The Memorandum of Association of our Company, as amended from time to time
Non-Resident	A person resident outside India, as defined under FEMA Regulations
Non-Resident Indian/NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended
Promoters/Our Promoters	Promoters of Our Company namely, Mr. Amit Kailash Khator and Mrs. Jasoda Kailash Khator  For details, please refer “ <i>Our Promoters and Promoter Group</i> ” on page no 117 of this Draft Prospectus
Promoter Group	Persons and entities constituting the Promoter Group of our Company in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations, 2009.  For details, please refer “ <i>Our Promoters and Promoter Group</i> ” on page no 117 of this Draft Prospectus
Registered Office	244 2 <sup>nd</sup> Floor Ganpati Plaza, MI Road, Jaipur - 302001
RoC/ ROC	Registrar of Companies, Jaipur

#### **Issue related Terms:**

Term(s)	Description
Allocation/Allocation of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Fresh Issue of Equity Shares to the successful Applicants
Allotment/Allot/Allotted	Issue an allotment of Equity Shares of our Company pursuant to Fresh Issue of the Equity Shares to the successful Applicants
Allottee(s)	Successful Applicants to whom Equity Shares of our Company shall have been allotted
Applicant	Any prospective investor who makes an application for Equity Shares of our Company in terms of this Draft Prospectus
Application Amount	The amount at which the Applicant makes an application for Equity Shares of our Company in terms of this Draft Prospectus
Application Form	The Form in terms of which the prospective investors shall apply for our Equity Shares in the Issue
Application Supported by Blocked Amount/ASBA	The application (whether physical or electronic) by an Applicant to make an Application authorizing the relevant SCSB to block the Application Amount in the relevant ASBA Account Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all potential investors shall participate in the Issue only through ASBA process providing details about the bank account which will be blocked by the SCSBs
ASBA Account	Account maintained with an SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the appropriate Application Amount

Term(s)	Description
	in relation to an Application by an Applicant
ASBA Application Location(s)/Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs viz, Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad, Rajkot, Bangalore, Hyderabad, Pune, Baroda and Surat
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Investor/ASBA Applicant	Any prospective investor(s)/applicants(s) in this Issue who apply(ies) through the ASBA process in terms of this Draft Prospectus
Banker(s) to the Issue/Escrow Collection Bank	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case, being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to the successful Applicants under the Issue and which is described under chapter titled “Issue Procedure” beginning on page no 187 of this Draft Prospectus
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder pursuant to submission of the Application Form, or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI Regulations
Bid Amount	Highest value of optional Bids indicated in the Application Form and payable by the Bidder upon submission of the Bid
Bid Lot	[●] Equity Shares
Broker Centre’s	Broker Centre’s notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker.  The details of such Broker Centre’s, along with the name and contact details of the Registered Brokers, are available on the website of the Stock Exchange
Broker to the Issue	All recognized members of the stock exchange would be eligible to act as the Broker to the Issue
CAN/Allotment advice	The note or advice or intimation of Allotment, sent to each successful Applicant who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Client ID	Client identification number of the Applicant’s beneficiary account
Collecting Depository Participant/ 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
Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate applications under this Issue by the ASBA Applicants with the Lead Manager, Registrar to the Issue 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
Demographic Details	The demographic details of the Applicants such as their address, PAN, occupation and bank account details
Depository	A Depository registered with SEBI under SEBI (Depositories and Participant) Regulations, 1996
Depository Participant/DP	A Depository Participant as defined under the Depositories Act.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange i.e. <a href="http://www.nseindia.com">www.nseindia.com</a>
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms from the ASBA Applicants and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> , or at such other website as may be prescribed by SEBI from time to time
Designated Date	The date on which funds are transferred from the amount blocked by the SCSBs is transferred from the ASBA Account to the Public Issue Account, as appropriate,

Term(s)	Description
	after the Issue is closed, following which the Equity Shares shall be allotted/transfer to the successful Applicants
Designated Intermediaries/Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a syndicate member(or sub-syndicate member), a Registered Broker, Designated CDP Locations for CDP, a registrar to an issue and Share Transfer Agent (RTA) (whose names is mentioned on website of the Stock Exchange as eligible for this activity)
Designated Market Maker/Market Maker	In our case, [●] having its Registered office at [●] and Corporate office at [●]
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange, i.e. [●]
Designated Stock Exchange	NSE Emerge Platform of National Stock Exchange of India Limited
Draft Prospectus	The Draft Prospectus dated September 3, 2018 issued in accordance with Section 26 of the Companies Act, 2013 and filed with the NSE under SEBI (ICDR) Regulations, 2009
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom this Draft Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Eligible QFIs	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened dematerialized accounts with SEBI registered qualified depository participants as QFIs and are deemed as FPIs under the SEBI (Foreign Portfolio Investors) Regulations, 2014
Public Issue Account(s)	Account(s) opened with the Public Issue Bank/Banker for the Issue
Public Issue Account/ Agreement	Agreement entered into by our Company, the Registrar to the Issue, the Lead Manager, and the Public Issue Bank to the Issue for collection of the Application Amounts
First/Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form
General Information Document/GID	The General Information Document for investing in public issues prepared and issued in accordance with the circulars (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by the SEBI and included in "Issue Procedure" on page 187 of this Draft Prospectus
Issue/Issue Size/ Initial Public Offer/Initial Public Offering/Initial Public Offering/ IPO	Public Issue of 35,12,000 Equity Shares of face value of ₹10 each fully paid of Khator Technical Textile Limited for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating ₹[●] Lakhs.
Memorandum of Understanding/MoU	The agreement dated September 01, 2018 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Opening Date	The date on which Issue opens for subscription
Issue Closing Date	The date on which Issue closes for subscription
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both the days during which prospective Investors may submit their application
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being [●] per Equity Share of face value of ₹10 each fully paid up
Issue Proceeds	Proceeds from the fresh Issue that will be available to our Company, being [●] Lakhs
Listing Agreement	The Equity Listing Agreement to be signed between our Company and NSE Emerge

Term(s)	Description
Lead Manager	Manager to the Issue, in this case being Mark Corporate Advisors Private Limited, a SEBI Registered Merchant Banker
Market Making Agreement	Market Making Agreement dated [●] between Our Company, LM and Market Maker
Market Maker	Market Maker appointed by our Company, in this case being [●] who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time
Market Maker Reservation Portion	The Reserved Portion of 1,77,600 Equity Shares of face value of ₹10 each fully paid for cash at a price of ₹[●] per Equity Share aggregating ₹[●] Lakhs for the Market Maker in this Issue
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Net Issue	The Issue excluding the Market Maker Reservation Portion of 33,34,400 Equity Shares of face value of ₹10 each fully paid for cash at a price of ₹[●] Equity Share aggregating ₹[●] Lakhs by our Company
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by the Company. For further information about use of the Issue Proceeds and the Issue expenses, please refer to the chapter titled “ <i>Objects of the Issue</i> ” beginning on page no 58 of this Draft Prospectus
Non-Institutional Investors	All Applicants that are not Qualified Institutional Buyers or Retail Individual Investors and who have Applied for Equity Shares for an amount more than ₹2,00,000
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 as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue
Payment through electronic transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Prospectus	The Prospectus to be filed with RoC containing, inter-alia, the issue opening and closing dates and other information
Public Issue Account	Account opened with the Banker to the Issue/Public Issue Bank i.e. IDFC Bank Limited by our Company to receive monies from SCSBs from the bank accounts of the ASBA Applicants on the Designated Date
Qualified Institutional Buyers or QIBs	QIBs, as defined under the SEBI ICDR Regulations, including 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, 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, NIF, 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
Refund Account (s)	Account(s) to which monies to be refunded to the Applicants shall be transferred from the Public Issue Account in case listing of the Equity Shares does not occur
Registered Brokers	Stock Brokers registered with the Stock Exchanges having nationwide terminals

Term(s)	Description
Registrar/Registrar to the Issue	Bigshare Services Private Limited having Registered Office at 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makhwana Road, Marol, Andheri (E), Mumbai-400 059
Retail Individual Investor	Individual Applicants, or minors applying through their natural guardians, including HUFs (applying through their Karta) and ASBA Applicants, who apply for an amount less than or equal to ₹2,00,000
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s)
Self-Certified Syndicate Banker/ SCSB	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which offer the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
SME Platform of NSE/NSE EMERGE	The SME Platform of NSE for listing of equity shares offered under Chapter XB of the SEBI (ICDR) Regulations.
Underwriters	Mark Corporate Advisors Private Limited
Underwriting Agreement	The agreement dated [●] entered into between the Underwriters and our Company
Working Day	Any day, other than 2nd and 4th Saturday of the month, Sundays or public holidays, on which commercial banks in India are open for business, provided however, with reference to announcement of Price Band and Issue Period shall mean all days, excluding Saturdays, Sundays and public holidays on which commercial banks in Mumbai are open for business and the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

#### **Technical and Industry Related Terms:**

Term(s)	Description
ATUFS	Amended Technological Up Gradation Fund Scheme
CoE	Centers of Excellence
EPCG	Export Promotion of Capital Goods
EPCG	Export Promotion Capital Goods Scheme
ETP	Effluent Treatment Plant
FPS	Focus Product Scheme
ISDS	Integrated Skill Development Scheme
Kg/Ha	Kilograms Per Hectare
MMF	Manmade fibres
MMFY	Man Made filament yarns
SITP	Scheme for Integrated Textile Park
Sq. Mtrs.	Square Meters
TMTT	Technology Mission On Technical Textiles
TUFS	Technology Upgradation Fund Scheme

#### **Conventional and General Terms or Abbreviations:**

Term(s)	Description
A/c	Account
Act	The Companies Act, 2013
AGM	Annual General Meeting
Articles	Articles of Association of the Company framed in pursuance of this Act
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India



Term(s)	Description
AY	Assessment Year
ASBA	Applications Supported by Blocked Amount
BIFR	Board for Industrial and Financial Reconstruction
CAGR	Compounded Annual Growth Rate
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
Companies Act	Companies Act, 2013
CSO	Central Statistical Organization
Depositories	NSDL and CDSL, Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
DIN	Director Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identity
DB	Designated Branch
EBIDTA	Earnings before Interest, Depreciation, Tax, Amortization and extraordinary items
ECS	Electronic Clearing Services
EGM	Extraordinary General Meeting
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
EPS	Earnings per Share
FDI	Foreign Direct Investment
FCNR Account	Foreign Currency Non-Resident Account
FEMA	Foreign Exchange Management Act, as amended from time to time and the regulations framed there under
FEMA Regulations	FEMA (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000 and amendments thereto.
FII(s)	Foreign Institutional Investors
FIs	Financial Institutions
FV	Face Value
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GOI	Government of India.
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICDR Regulations/ SEBI Regulations/ SEBI (ICDR)Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IFRS	International financial reporting standards
Ind AS	Indian Accounting Standards
IPC	Indian Penal Code
IPO	Initial Public Offering
IPR	Intellectual Property Right
IT	Information Technology

Term(s)	Description
IT Act	The Income-tax Act, 1961 as amended from time to time except as stated otherwise
IT Rules	The Income-tax Rules, 1962, as amended from time to time
INR	Indian National Rupee
JV	Joint venture
KMP	The officers declared as a Key Managerial/Management Personnel and as mentioned in the chapter titled “Our Management” beginning on page 107 of this Draft Prospectus
Ltd.	Limited
MBA	Master in Business Administration
M.Com	Master Degree in Commerce
MD	Managing Director
MoU	Memorandum of Understanding
MNC	Multinational Corporation
N/A or NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate of the paid-up share capital, share 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 the debit balance of the profit and loss account
NOC	No Objection Certificate
NPV	Net Present Value
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	per annum
PAN	Permanent Account Number
PAT	Profit After Tax
Pvt.	Private
PBT	Profit Before Tax
P/E Ratio	Price Earnings Ratio
POA	Power of Attorney
PIO	Persons of Indian Origin
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
Ron	Return on Net Worth.
Rs./INR/`	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self-Certified Syndicate Bank
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Depository Regulations	Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

Term(s)	Description
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
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 Takeover Regulations/Takeover Regulations/Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
Sec	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
SSI Undertaking	Small Scale Industrial Undertaking
Stock Exchange(s)	NSE SME
Sq.	Square
Sq. Mtr.	Square Meter
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
TNW	Total Net Worth
u/s	Under Section
UIN	Unique Identification Number
US/ U.S. / USA	United States of America
USD or US\$	United States Dollar
U.S. GAAP	Generally accepted accounting principles in the United States of America
UOI	Union of India
Venture Capital Fund(s)/VCF(s)	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time
WDV	Written Down Value
w.e.f.	With effect from
YoY	Year over Year

## **RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 26% under automatic route in our Company. India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI ("DIPP") by circular of 2016 with effect from June 07, 2016 ("Circular of 2016"), consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government usually updates the consolidated circular on FDI Policy once every Year and therefore, this circular of 2016 will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a Non-resident does not require the prior approval of the FIPB or the RBI, subject to fulfillment of certain conditions as specified by DIPP / RBI, from time to time. Such conditions include (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and then on-resident shareholding is within the sectorial limits under the FDI policy; and (ii) the pricing is in accordance with the guidelines prescribed by the SEBI / RBI. Investors are advised to refer to the exact text of the relevant statutory provisions of law before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act") or any state securities laws in the United States and may not be offered within the United States or to or for the account or benefit of "U.S. Persons" (as defined in Regulations), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities laws. Accordingly, the Equity Shares are being offered only outside the United States in offshore transaction in reliance on Regulations under the U.S securities Act and the applicable laws of the jurisdiction where those offers occur. However, 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 and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.

## SECTION IX-MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

### INTERPRETATION

1 In these Articles unless there be something in the subject matter or context inconsistent therewith:

“The Act” means the Companies Act, 2013 and the applicable provisions of the Companies Act, 1956.

“Articles” means Articles of Association of the Company as originally framed or altered from time to time

“Beneficial Owner” shall have the meaning assigned thereto by Section 2(1) (a) of the Depositories Act, 1996.

“Board” means the Board of Directors of the Company.

“Chairman” means the Chairman of the Board of the Directors of the Company.

“The Company” means KHATOR TECHNICAL TEXTILES LIMITED

“Depositories Act, 1996” shall mean Depositories Act, 1996 and include any Statutory modification or re-enactment thereof for the time being in force.

“Depository” shall have the meaning assigned thereto by Section 2 (1) (e) of the Depositories Act, 1996.

“Directors” mean the Directors for the time being of the Company.

“Dividend” includes any interim dividend.

“Document” means a document as defined in Section 2 (36) of the Companies Act, 2013.

“Equity Share Capital”, with reference to any Company limited by shares, means all share capital which is not preference share capital;

“KMP” means Key Managerial Personnel of the Company provided as per the relevant sections of the Act.

“Managing Director” means a Director who by virtue or an agreement with the Company or of a resolution passed by the Company in general meeting or by its Board of Directors or by virtue of its Memorandum or Articles of Association is entrusted with substantial powers of management and includes a director occupying the position of managing director, by whatever name called.

“Month” means Calendar month.

“Office” means the registered office for the time being of the Company.

“Paid-up share capital” or “share capital paid-up” means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called;

“Postal Ballot” means voting by post or through any electronic mode.

“Proxy” includes attorney duly constituted under the power of attorney.

“Public Holiday” means a Public Holiday within the meaning of the Negotiable Instruments Act, 1881 (XXVI of 1881); provided that no day declared by the Central Government to be such a holiday shall be deemed to be such a holiday in relation to any meeting unless the declaration was notified before the issue of the notice convening such meeting.

“Registrar” means the Registrar of Companies of the state in which the Registered Office of the Company is for the time being situated.

“Rules” means the applicable rules as prescribed under the relevant sections of the Act for time being in force.

“SEBI” means Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.

“Securities” means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956)

“Share” means share in the Share Capital of the Company and includes stock except where a distinction between stock and share is expressed or implied.

“Seal” means the common seal of the Company.

“Preference Share Capital”, with reference to any Company limited by shares, means that part of the issued share capital of the Company which carries or would carry a preferential right with respect to— payment of dividend, either as a fixed amount or an amount calculated at a fixed rate, which may either be free of or subject to income-tax; and

repayment, in the case of a winding up or repayment of capital, of the amount of the share capital paid-up or deemed to have been paid-up, whether or not, there is a preferential right to the payment of any fixed premium or premium on any fixed scale, specified in the memorandum or articles of the Company;

Words imparting the plural number also include, where the context requires or admits, the singular number, and vice versa.

Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

‘In writing’ and ‘written’ includes printing, lithography and other modes of representing or reproducing words in a visible form.

#### **Share Capital**

2. The Authorized Share Capital of the Company shall be such amount and be divided into such shares as may from time to time be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital and divide the shares in the capital of the Company (including Preferential Share Capital, if any) and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act.
3. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit. Further provided that the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.

#### **Issue of Sweat Equity Shares**

4. Subject to provisions of Section 54 of the Act read with Companies (Share Capital and Debentures) Rules, 2014, the Company may issue Sweat Equity Shares on such terms and in such manner as the Board may determine.

#### **Issue of Debentures**

5. The Company shall have powers to issue any debentures, debenture-stock or other securities at Par, 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 the General Meetings (but not voting on any business to be conducted), appointment of Directors on Board 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.

#### **Issue of Share Certificates**

6. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within fifteen days (15) of the application for registration of transfer of transmission or within such other period as the conditions of issue shall be provided,—  
one certificate for all his shares without payment of any charges; or  
Several certificates, each for one or more of his shares, upon payment of Rupees twenty for each certificate after the first.

The Company agrees to issue certificate within fifteen days of the date of lodgment of transfer, subdivision, consolidation, renewal, exchange or endorsement of calls/allotment monies or to issue within fifteen days of such lodgment for transfer, Pucca Transfer Receipts in denominations corresponding to the market units of trading autographically signed by a responsible official of the Company and bearing an endorsement that the transfer has been duly approved by the Directors or that no such approval is necessary;

Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

7. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back



for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty Rupees for each certificate.

8. Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
9. The provisions of these Articles relating to issue of Certificates shall mutatis mutandis apply to any other securities including Debentures (except where the Act otherwise requires) of the Company.

**Power to pay Commission in connection with the Securities issued**

10. The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.  
The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.  
The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

**Variations of Shareholder's rights**

11. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.  
To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**Issue of Preference Shares**

13. Subject to the provisions of section 55 and 62, any preference shares may with the sanction of ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.

**Further issue of Shares**

14. Where at any time Company having Share Capital proposes to increase its subscribed capital by the issue of further Shares, such shares shall be offered:  
to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions specified in the relevant provisions of Section 62 of the Act.  
To employees under a scheme of employees' stock option, subject to special resolution passed by company and subject to such other conditions as may be prescribed under the relevant rules of Section 62.  
to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the relevant rules of Section 62.  
The notice shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the issue.  
Nothing in this Article shall apply to the increase of the subscribed capital of company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company:

Provided that the terms of issue of such debentures or loan containing such an option have been approved, before the issue of such debentures or the raising of loan, by a special resolution passed by the company in

general meeting.

**Lien**

15. The Company shall have a first and paramount lien—  
on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and  
on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:  
Every 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

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

16. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—  
unless a sum in respect of which the lien exists is presently payable; or  
until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

17. To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.  
The purchaser shall be registered as the holder of the shares comprised in any such transfer.  
The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
18. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.  
The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

**Joint Holdings**

19. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles:-  
The Company shall at its discretion, be entitled to decline to register more than three persons as the joint-holders of any share.  
The joint-holders of any shares 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.  
On the death of any such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.  
Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share.  
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, if any, relating to such share or to receive documents from the Company and any documents served on or sent to such person shall be deemed served on all the joint-holders.

Any one of the two or more joint-holders may vote at General Meeting either personally or by attorney or by proxy in respect of such shares as if they were solely entitled hereto and if more than one such joint-holders be present at any meeting personally or by proxy or by attorney then one of such joint holders so present whose name stand first in the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint- holders shall be entitled to vote in preference to a joint-

holder present by attorney or by proxy although the name of such joint-holder present by attorney or by proxy stands first in Register in respect of such shares.

Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this Clause be deemed as Joint-Holders.

The provisions of these Articles relating to joint-holding of shares shall mutatis mutandis apply to any other securities including Debentures of the company registered in Joint-names.

#### **Calls on Shares**

20. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one fourth of the nominal value of the shares or be payable at less than one month from the date fixed for the payment of the last preceding call.

Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

A call may be revoked or postponed at the discretion of the Board.

21. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

22. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof

23. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

The Board shall be at liberty to waive payment of any such interest wholly or in part.

24. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture

Or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

25. The Board—

May, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

26. Any uncalled amount paid in advance shall not in any manner entitle the member so advancing the amount, to any dividend or participation in profit or voting right on such amount remaining to be called, until such amount has been duly called-up.

Provided however that any amount paid to the extent called – up, shall be entitled to proportionate dividend and voting right.

27. The Board may at its discretion, extend the time fixed for the payment of any call in respect of any one or more members as the Board may deem appropriate in any circumstances.

28. The provisions of these Articles relating to call on shares shall mutatis mutandis apply to any other securities including debentures of the company.

#### **Transfer of Shares**

29. The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.

Each share in the Company shall be distinguished by its appropriate number.

A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of the title of the member of such shares.

30. The instrument of transfer of any share in the Company shall be executed by or on

behalf of both the transferor and transferee.

The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

31. The Board may, subject to the right of appeal conferred by section 58 of Companies Act, 2013 and Section 22A of the Securities Contracts (Regulation) Act, 1956, decline to register, by giving notice of intimation of such refusal to the transferor and transferee within timelines as specified under the Act- the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

Any transfer of shares on which the Company has a lien.

Provided however that the Company will not decline to register or acknowledge any transfer of shares 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.

32. The Board shall decline to recognize any instrument of transfer unless—  
the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;  
The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and the instrument of transfer is in respect of only one class of shares.

Provided that, transfer of shares in whatever lot shall not be refused.

The Company agrees that when proper documents are lodged for transfer and there are no material defects in the documents except minor difference in signature of the transferor(s),

Then the Company will promptly send to the first transferor an intimation of the aforesaid defect in the documents, and inform the transferor that objection, if any, of the transferor supported by valid proof, is not lodged with the Company within fifteen days of receipt of the Company's letter, then the securities will be transferred;

If the objection from the transferor with supporting documents is not received within the stipulated period, the Company shall transfer the securities provided the Company does not suspect fraud or forgery in the matter.

33. The Company agrees that in respect of transfer of shares where the Company has not affected transfer of shares within 1 month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 1 month, the Company shall compensate the aggrieved party for the opportunity losses caused during the period of the delay

34. On giving not less than seven days' previous notice in accordance with section 91 and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year

35. The provisions of these Articles relating to transfer of Shares shall mutatis mutandis apply to any other securities including debentures of the company.

#### **Register of Transfers**

36. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any shares.

#### **Dematerialization of Securities**

37. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

The Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depository Act, 1996.

Option for Investors:

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security

Securities in Depository to be in fungible form:-

All Securities of the Company held by the Depository shall be dematerialized and be in fungible form.

Nothing contained in Sections 88, 89, 112 & 186 of the Companies Act, 2013 shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.

**Rights of Depositories & Beneficial Owners:-**

Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.

Save as otherwise provided in (d) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.

Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

Nothing contained in Section 56 of the Companies Act, 2013 shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 88 and other applicable provisions of the Companies Act 2013 and the Depositories Act, 1996 with the details of Shares held in physical and dematerialized forms in any media as may be permitted by law including in any form of electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.

#### **Transmission of Shares**

38. 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 persons recognized by the Company as having any title to his interest in the shares.

Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

39. Any person becoming entitled to a share, in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—  
to be registered himself as holder of the share; or  
to make such transfer of the share as the deceased or insolvent member could have made.

The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

40. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.  
If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.  
All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

41. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled



in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

42. The provisions of these Articles relating to transmission of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

No fee shall be charged for requisition of transfer, transmission, probate, succession certificate and letter of admiration, Certificate of Death or marriage, power of attorney or similar other documents.

**Forfeiture of Shares:**

43. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued

44. The notice aforesaid shall—  
name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and  
State that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

45. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

46. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

47. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

48. A duly verified declaration in writing that the declaring is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share; The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute transfer of the shares in favor of the person to whom the share is sold or disposed off; The transferee shall thereupon be registered as the holder of the share; and

The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

49. The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.

50. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for 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 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.

51. Upon any sale, re-allotment or other disposal under the provisions of the preceding articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.

52. The Board may, subject to the provision of the Act, accept a surrender of any share from or by any member desirous of surrendering those on such terms as they think fit.

53. The Provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum



which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

54. The provisions of these articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

**Initial Payment not to preclude Forfeiture**

55. Neither a judgment in favor of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his 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 proceeding to enforce forfeiture of such shares as hereinafter provided.

**Alteration of Capital**

56. The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

57. Subject to the provisions of section 61, the Company may, by ordinary resolution,—  
consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;  
convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

58. Where shares are converted into stock,—  
the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Such of the articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

59. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—  
its share capital;

any capital redemption reserve account; or

Any share premium account.

60. The Company may issue share warrants subject to, and in accordance with, the provisions of the Act, and accordingly the Board may in its discretion, with respect to any share which is fully paid-up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (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 of a share warrant.

The bearer of a share warrant may at any time, deposit the warrant in 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 calling 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 days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares including in the deposited warrants.

Not more than one person shall be recognized as depositor of the share warrant.

The Company shall, on two days written notice, return the deposited share warrants to the depositor.

Subject herein otherwise expressly provided, no person shall, as bearer of share warrant, sign a requisition for calling a member of the Company or attend or vote or exercise any other privilege of a member at a

meeting of the Company, or be entitled to receive any notice from the Company.

The bearer of 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 holders of shares included in the warrant, and he shall be a member of the Company.

The Board may from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant of coupon may be issued by way of renewal in case of defacement, loss or destruction.

#### **Capitalization of Profits:**

61. The Company in general meeting may, upon the recommendation of the Board, resolve—  
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  
That such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

paying up any amounts for the time being unpaid on any shares held by such members respectively;

paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up bonus shares, to and amongst such members in the proportions aforesaid;

partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);

A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

The Board shall give effect to the resolution passed by the Company in pursuance of this -regulation.

62. Whenever such a resolution as aforesaid shall have been passed, the Board shall—  
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  
Generally to do all acts and things required to give effect thereto.

The Board shall have power—

to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

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 profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;

Any agreement made under such authority shall be effective and binding on such members.

#### **Buy-back of Shares**

63. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

#### **General Meeting**

64. All General Meetings other than annual general meeting shall be called extra-ordinary general meetings.
65. The Board may, whenever it thinks fit, call an extraordinary general meeting  
The General meeting including Annual general meeting shall be convened by giving notice of clear 21 days in advance as per section 101 of Companies Act 2013. The directors if they think fit may convene a General Meeting including Annual General Meeting of the company by giving a notice thereof being not less than three days if consent is given in writing or by electronic mode by not less than ninety-five per cent. of the members entitled to vote at such meeting.  
If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board
66. No business shall be transacted at any general meeting unless a quorum of members is present at the time

when the meeting proceeds to business.

Unless the number of members as on date of meeting are not more than one thousand, five members personally present shall be the quorum for a general meeting of the Company.

In any other case, the quorum shall be decided as under:

fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand;

thirty members personally present if the number of members as on the date of the meeting exceeds five thousand;

67. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.
68. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting
69. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
70. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
71. A declaration by the Chairman in pursuance of Section 107 of the Companies Act, 2013 that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

#### **Demand for Poll**

72. Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than five Lac rupees has been paid up.

The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

#### **Time of taking Poll**

73. A poll demanded on a question of adjournment shall be taken forthwith.  
A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 104 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct

#### **Adjournment of Meeting**

74. 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.  
No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.  
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.  
Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Voting Rights**

75. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—  
on a show of hands, every member present in person shall have one vote; and  
On a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.
76. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
77. 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.

For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

78. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
79. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (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 such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
80. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.
81. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
82. 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.  
Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
83. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.
84. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

#### **Representation of Body Corporate**

85. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 113 of the Companies Act, 2013 authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

#### **Circulation of Member's Resolution**

86. The Company shall comply with provisions of Section 111 of the Companies Act, 2013, relating to circulation of member's resolution.

#### **Resolution Requiring Special Notice**

87. The Company shall comply with provisions of Section 115 of the Act relating to resolution requiring special notice.

#### **Resolutions Passed at Adjourned Meeting**

88. The provisions of Section 116 of Companies Act, 2013 shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date

#### **Registration of Resolutions and Agreements**

89. The Company shall comply with the provisions of Section 117 and 179 of the Companies Act, 2013 relating to registration of certain resolutions and agreements.

#### **Minutes of Proceedings of General Meeting and of Board and Other Meetings**

90. The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.

Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed :

In the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said

meeting or the Chairman of the next succeeding meeting.

In the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:

the names of the Directors present at the meetings, and

in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.

Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:

is or could reasonably be regarded, as defamatory of any person

is irrelevant or immaterial to the proceedings; or

is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non- inclusion of any matter in the minutes on the grounds specified in this clause.

**Minutes to be considered to be evidence**

91. The minutes of meetings kept in accordance with the provisions of Section 118 of the Companies Act, 2013 shall be evidence of the proceedings recorded therein.

**Publication of Reports of Proceeding of General Meetings**

92. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting

**Proxy**

93. 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.
94. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
95. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

**Board of Directors**

96. The first directors of the Company shall be:
1. KAILASH KUMAR SATYANARAYAN KHATOR
  2. AMIT KAILASH KHATOR
97. The Directors need not hold any "Qualification Share(s)".
98. Appointment of Senior Executive as a Whole Time Director Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any persons as a Whole Time Director of the Company for such a period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:



He shall be liable to retire by rotation as provided in the Act but shall be eligible for re- appointment. His re-appointment as a Director shall not constitute a break in his appointment as Whole Time Director. He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation. He shall cease to be a Director of the Company on the happening of any event specified in Section 164 of the Act. Subject to what is stated herein above, he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by Managing Director(s) and / or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and / or stipulations as the Managing Director(s) and /or the Board may, from time to time determine.

Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such whole time directors.

99. The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.  
In addition to the remuneration payable to them in pursuance of the Act, the directors -may be paid all travelling, hotel and other expenses properly incurred by them—  
in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or  
In connection with the business of the company.
100. The Board may pay all expenses incurred in getting up and registering the company.
101. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.
102. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine
103. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
104. Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.  
Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

#### **Retirement and Rotation of Directors**

105. Not less than two-thirds of the total number of Directors of the Company, excluding the Independent directors if any appointed by the Board, shall be persons whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles be appointed by the Company in General Meeting.
106. The remaining Directors shall be appointed in accordance with the provisions of the Act.
107. At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.
108. Subject to the provisions of the Act and these Articles the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. Subject to the provision of the Act, a Retiring Director shall retain office until the dissolution of the meeting at which his reappointment is decided or successor is appointed.
109. Subject to the provisions of the Act and these Articles, the retiring Director shall be eligible for reappointment.
110. Subject to the provision of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing the retiring Director or some other person thereto.



### **Nominee Director**

111. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any of the Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or Body (hereinafter in this Article referred to as "the Corporation") continue to hold debentures or shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors whole-time or non-whole-time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.
112. The terms and conditions of appointment of a Nominee Director/s shall be governed by the agreement that may be entered into or agreed with mutual consent with such Corporation. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors.
113. The Nominee Directors so appointed shall hold the said office only so long as any money only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Shares or Debentures in the Company as a result of direct subscription or private placement or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately, if the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.
114. The Nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and/or the Meetings of the Committee of which the Nominee Director/s is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Directors shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Directors in connection with their appointment or Directorship shall also be Paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Directors.

Provided that if any such Nominee Directors is an Officer of the Corporation / IDBI, the sitting fees in relation to such Nominee Directors shall also accrue to the Corporation/ IDBI as the case may be and the same shall accordingly be paid by the Company directly to the Corporation.

115. Provided also that in the event of the Nominee Directors being appointed as Whole-time Directors such Nominee Directors shall exercise such powers and duties as may be approved by the Lenders. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.

### **Removal of Directors**

116. The Company may (subject to the provisions of Act and other applicable provisions and these Articles) remove any Director before the expiry of his period of office after giving him a reasonable opportunity of being heard.
117. Special notice as provided in the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
118. On receipt of the notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
119. Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company and requests its notification to members of the Company, the Company shall, if the time permits it to do so-, in any notice of the resolution given to members of the Company state the fact of the representations

having been made, and

send a copy of the representations to every member of the Company to whom the notice of the meeting is sent ( whether before or after the receipt of representation by the Company) and if a copy of the representation is not sent as aforesaid due to insufficient time or for the company's default, the director may without prejudice to his right to be heard orally require that the representation shall be read out at the meeting:

Provided that copy of the representation need not be sent out and the representation need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the Tribunal is satisfied that the rights conferred by this sub-section are being abused to secure needless publicity for defamatory matter; and the Tribunal may order the company's costs on the application to be paid in whole or in part by the director notwithstanding that he is not a party to it.

120. A vacancy created by the removal of a director under this article, if he had been appointed by the company in general meeting or by the Board, be filled by the appointment of another director in his place at the meeting at which he is removed, provided special notice of the intended appointment has been given as prescribed in the Act.
121. A director so appointed shall hold office till the date up to which his predecessor would have held office if he had not been removed.
122. If the vacancy is not filled under clause (5) above , it may be filled as a casual vacancy in accordance with the provisions of this Act:

Provided that the director who was removed from office shall not be reappointed as a director by the Board of Directors.

123. Nothing in this section shall be taken-  
as depriving a person removed under this section of any compensation or damages payable to him in respect of the termination of his appointment as director as per the terms of contract or terms of his appointment as director, or of any other appointment terminating with that as director; or  
As derogating from any power to remove a director under other provisions of this Act.

#### **Remuneration and Sitting Fees to Directors including Managing and Whole Time Directors**

124. Subject to provisions of the Act, the Directors including Managing or whole time Directors shall be entitled to and shall be paid such remuneration as may be fixed by the Board of Directors from time to time in recognition of the services rendered by them for the company.  
In addition to the remuneration payable to the Directors as above, they may be paid all travelling, hotel and other expenses incurred by them.  
In attending and returning from meetings of the Board of Directors and committee thereof, all General Meetings of the company and any of their adjourned sittings, or  
In connection with the business of the Company.
125. Each Director shall be entitled to be paid out of the funds of the Company by way of sitting fees for his services not exceeding the sum of Rs. 1,00,000/- ( Rupees One Lac) as may be fixed by Directors from time to time for every meeting of the Board of Directors and/ or committee thereof attended by him in addition to any remuneration paid to them. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for the purpose of the Company then subject to Section 196, 197 & 198, read with Schedule V of the Act, the Board may remunerate such Directors either by a fixed sum or by a percentage of profit or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to

#### **Powers and Duties of Directors:**

126. Certain powers to be exercised by the Board only at meeting
  - i. Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.
    - a. The power to make calls on shareholders in respect of money unpaid on their shares;
    - b. The Power to authorize buy-back of securities under Section 68 of the Act.
    - c. Power to issue securities, including debenture, whether in or outside India
    - d. The power to borrow moneys

- e. The power to invest the funds of the Company,
- f. Power to Grant loans or give guarantee or provide security in respect of loans
- g. Power to approve financial statements and the Board's Report
- h. Power to diversify the business of the Company
- i. Power to approve amalgamation, merger or reconstruction
- j. Power to take over a Company or acquire a controlling or substantial stake in another Company
- k. Powers to make political contributions;
- l. Powers to appoint or remove key managerial personnel (KMP);
- m. Powers to take note of appointment(s) or removal(s) of one level below the Key Management Personnel;
- n. Powers to appoint internal auditors and secretarial auditor;
- o. Powers to take note of the disclosure of director's interest and shareholding;
- p. Powers to buy, sell investments held by the Company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee Company;
- q. Powers to invite or accept or renew public deposits and related matters;
- r. Powers to review or change the terms and conditions of public deposit;
- s. Powers to approve quarterly, half yearly and annual financial statements or financial results as the case may be.

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (d), (e) and (f) to the extent specified in clauses (ii), (iii) and (iv) respectively on such condition as the Board may prescribe.

ii. Every resolution delegating the power referred to in sub-clause (d) of clause (i) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate.

iii. Every resolution delegating the power referred to in sub-clause (e) of clause (i) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.

iv. Every resolution delegating the power referred to in sub-clause (f) of clause (i) shall specify the total amount up to which loans may be made by the delegates, the purposes for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual cases.

v. Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in this Article.

#### **Restriction on Powers of Board**

- 127 i. The Board of Directors of the Company shall not except with the consent of the Company in general meeting :
- a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;
  - b) remit, or give time for the repayment of any debt, due by a Director;
  - c) invest, otherwise than in trust securities, the amount of compensation received by it as a result of any merger or amalgamation;
  - d) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or
  - e) Contribute to bona fide charitable and other funds, aggregate of which in any financial year, exceed five percent of its average net profits during the three financial years, immediately proceedings.
- ii. Nothing contained in sub-clause (a) above shall affect:

- a) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or
- b) The selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.

iii. Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (i) (a) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.

iv. No debt incurred by the Company in excess of the limit imposed by sub-clause (d) of clause (i) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

128. Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in Section 180 of the Companies Act, 2013 and in regard to the limitations on the power of the Company contained in Section 182 of the Companies Act, 2013.

#### **General Powers of the Company vested in Directors**

129. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statue or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

#### **Specific Powers Given to Directors**

130. Without prejudice to the general powers conferred by Article above and the other powers conferred by these presents and so as not in any way to limit any or all of those powers and subject to the provisions of the Act and these Articles, it is hereby expressly declared that the Directors shall have the following powers:
- i. To pay and charge to the capital account of the Company and interest lawfully payable thereon under the provisions of Sections 76 corresponding to Section 40 of the Companies Act, 2013;
  - ii. To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonable satisfactory;
  - iii. To purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
  - iv. To pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock 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;
  - v. To erect, construct, enlarge, improve, alter, maintain, pull down rebuilt or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;
  - vi. To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 180 of

the Companies Act, 2013 any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;

vii. 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 building, 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;

viii. Subject to Section 179 of the Companies Act, 2013 to open accounts with any bank or bankers or with any Company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

ix. To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

x. To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

xi. To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;

xii. To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

xiii. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 180 of the Companies Act, 2013 to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

xiv. Subject to the provisions of Sections 180 of the Companies Act, 2013 to invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such Shares, securities or investments (not being Shares in this Company) and in such manner as they may think fit, and from time to time to vary or realize such investments.

xv. Subject to such sanction as may be necessary under the Act or these Articles, to give any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

xvi. To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

xvii. To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at anytime Directors or officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidize and subscribe to any institution, association, clubs or funds collected to be for the benefit of or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;

xviii. To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.



xix. To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.

xx. At any time and from time to time by power of attorney 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 Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors, nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

xxi. To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company;

### **Managing Directors**

#### **131. Power to appoint Managing or Whole-time Directors**

a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time one or more Directors as Managing Director or Managing Directors and/or Whole-time Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director(s)/Whole-time Director(s), such of the power hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such condition and subject to such restriction as it may determine, the remuneration of such Directors may be by way of monthly remuneration and/or fee for each Meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

b) Subject to the approval of shareholders in their meeting, the managing director of the Company may be appointed and continue to hold the office of the chairman and managing director or Chief Executive officer of the Company at the same time.

c) Subject to the provisions of Sections 197 & 198 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

### **Proceedings of the Board**

132. a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

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.

133. The quorum for meetings of Board/Committees shall be as provided in the Act or under the rules.

134. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

135. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

136. The participation of directors in a meeting of the Board/ Committees may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.



137. The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their numbers to be Chairperson of the meeting.

#### **Delegation of Powers of Board to Committee**

138. The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.  
Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
139. 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.
140. A committee may meet and adjourn as it thinks fit.  
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.
141. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
142. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held-

#### **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

143. Subject to the provisions of the Act,—  
A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;  
A director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.
144. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officers, manager, Company Secretary or chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief Financial Officer.

#### **The Seal**

145. The Board shall provide for the safe custody of the seal. The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

#### **Dividends and Reserve**

146. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
147. 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.
148. 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 equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.  
The Board may also carry forward any profits which it may consider necessary not to divide, without

- setting them aside as a reserve.
149. 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.  
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.  
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.
150. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
151. 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.  
Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
152. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
153. 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.
154. No dividend shall bear interest against the Company.  
Provided however that no amount outstanding as unclaimed dividends shall be forfeited unless the claim becomes barred by law and that such forfeiture, when affected, will be annulled in appropriate cases;
155. Where a dividend has been declared by a company but has not been paid or claimed within thirty days from the date of the declaration, the company shall, within seven days from the date of expiry of the thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank to be called the Unpaid Dividend Account as per provisions of section 124 and any other pertinent provisions in rules made thereof.  
The company shall transfer any money transferred to the unpaid dividend account of a company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 125 of the Act.
156. The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.
157. Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.

#### **Accounts**

158. 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.  
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.

#### **Inspection of Statutory Documents of the Company:**

159. Minutes Books of General Meetings
- a) The books containing the minutes of the proceedings of any general meeting of the Company shall;
    - i. be kept at the registered office of the Company, and
    - ii. be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.

Provided however that any person willing to inspect the minutes books of General Meetings shall intimate to the Company his willingness at least 15 days in advance.

b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of Rs. 10/- (Ten Rupees only) for each page or part thereof.

#### **Register of Charges:**

- 160 a) The Company shall keep at its registered office a Register of charges and enter therein all charges and floating charges specifically affecting any property or assets of the Company or any of its undertakings giving in each case the details as prescribed under the provisions of the Act.
- b) The register of charges and instrument of charges, as per clause (i) above, shall be open for inspection during business hours—
- by any member or creditor without any payment of fees; or
  - by any other person on payment of such fees as may be prescribed,

Provided however, that any person willing to inspect the register of charges shall intimate to the Company at least 15 days in advance, expressing his willingness to inspect the register of charges, on the desired date.

#### **Audit**

- 161 The first Auditor of the Company shall be appointed by the Board of Directors within 30 days from the date of registration of the Company and the Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting.
- Appointment of Auditors shall be governed by provisions of Companies Act 2013 and rules made there under.
- The remuneration of the Auditor shall be fixed by the Company in the Annual General Meeting or in such manner as the Company in the Annual General Meeting may determine. In case of an Auditor appointed by the Board his remuneration shall be fixed by the Board.
- The Board of Director may fill any casual vacancy in the office of the auditor and where any such vacancy continues, the remaining auditor, if any may act, but where such vacancy is caused by the resignation of the auditors and vacancy shall be filled up by the Company in General Meeting.

#### **Winding up**

- 162 Subject to the provisions of Chapter XX of the Act and rules made there under—

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.

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.

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 others securities whereon there is any liability.

#### **Indemnity**

- 163 Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal subject to the provisions of Chapter XX of the Act and rules made there under—

#### **Secrecy**

- 164 Every Director, Manager, Secretary, Trustee, Member or Debenture holder, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in or about the business of the company shall, if so required by the Board before entering upon their duties sign a declaration pledging themselves to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters which may come to their knowledge in the discharge of their duties except when required to do so by the Board or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents.

## SECTION X-OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus and will be delivered to the ROC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at, from the date of filing the Prospectus with RoC to Issue Closing Date on working days from 11.00 a.m. to 5.00 p.m.

#### MATERIAL CONTRACTS

- 1) Memorandum of Understanding dated September 01, 2018 between our Company and the Lead Manager.
- 2) Mandate Letter dated June 26, 2018 between our Company and Registrar to the Issue.
- 3) Public Issue Account Agreement dated [●] among our Company, the Lead Manager, the Public Issue Bank/Banker to Issue and the Registrar to the Issue.
- 4) Underwriting agreement dated [●] between our Company and Lead Manager, Mark Corporate Advisors Private Limited and [●].
- 5) Market Making Agreement dated [●] between our Company, the Lead Manager and the Market Maker.
- 6) The Company has entered into tripartite agreement between NSDL, the Company and the Registrar to the Issue dated [●].
- 7) The Company has entered into tripartite agreement between CDSL, the Company and the Registrar to the Issue dated [●].

#### MATERIAL DOCUMENTS

- 1) Certified true copy of the Memorandum and Articles of Association of our Company, as amended from time to time including certificates of incorporation.
- 2) Resolution of the Board dated June 27, 2018 authorizing the Issue.
- 3) Special Resolution of the shareholders passed at the AGM dated July 07, 2018 authorizing the Issue.
- 4) Copies of Audited Financial Statements of our Company for the financial year ending March 31, 2018, 2017, 2016, 2015 & 2014.
- 5) Statement of Tax Benefits dated July 23, 2018 issued by Statutory Auditors, M/s. S. R. Goyal & Associates, Chartered Accountants.
- 6) Report of the Statutory and Peer Review Auditor, M/s. S. R. Goyal & Associates, Chartered Accountants, on the Restated Financial Statements for financial year ended as on March 31, 2018, 2017, 2016, 2015 & 2014 of our Company.
- 7) Copy of Certificate from the Statutory and Peer Review Auditors of our Company, M/s. S. R. Goyal & Associates, Chartered Accountants, dated August 16, 2018 regarding the Eligibility of the Issue.
- 8) Consents of Promoters, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, Peer Review Auditor, Bankers to our Company, the Lead Manager, Underwriter, Registrar to the Issue, Market Maker to the Issue, Legal Advisor, Banker to the Issue/Public Issue Bank to the Issue, to act in their respective capacities.
- 9) Copy of approval from NSE *vide* letter dated [●] to use the name of NSE in the offer document for listing of Equity Shares on NSE Emerge Platform.
- 10) Due Diligence Certificates dated [●] issued by the Lead Manager i.e. Mark Corporate Advisors Private Limited.
- 11) Copy of certificate from the Statutory Auditor of our Company, M/s. S. R. Goyal & Associates, Chartered Accountants, regarding source and deployment of funds as on August 30, 2018.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by other parties, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We, the under signed, hereby certify and declare that, all relevant provisions of the Companies Act, 2013, applicable provisions of Companies Act, 1956 and the guidelines issued by the Government of India or the Regulations/Guidelines issued by 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 the Draft Prospectus is contrary to the provisions of the Companies Act, 2013, applicable provisions of Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Prospectus are true and correct.

### Signed by the Directors of our Company:

**Amit Kailash Khator**

*Managing Director*

*DIN:02989041*

---

**Bhawana alias Bhawana Khator**

*Whole Time Director*

*DIN:08096086*

---

**Shahaji Ganpat Khapare**

*Independent Director*

*DIN:05249343*

---

**Dhruv Tewari**

*Independent Director*

*DIN: 02503062*

---

### Signed by the Chief Financial Officer & Company Secretary of our Company:

**Vijay Chotelal Kanojia**

*Chief Financial Officer*

---

**Bhawna Atolia**

*Company Secretary & Compliance Officer*

---

**Place : Mumbai**

**Date : September 03, 2018**