



## LAXMI COTSPIN LIMITED

Our Company was incorporated on October 07, 2005 as Mauli Cotspin Private Limited under the provisions of the Companies Act, 1956 with Certificate of Incorporation issued by the Registrar of Companies Maharashtra Mumbai on October 19, 2005 with Registration Number 156866. Subsequently, the name of our Company was changed from Mauli Cotspin Private Limited to Laxmi Cotspin Private Limited and a Fresh Certificate of Incorporation was issued by the Registrar of Companies Maharashtra Mumbai on October 12, 2007 bearing Corporate Identity Number (CIN) U17120MH2005PTC156866. Further, our Company was converted into a public limited company pursuant to special resolution passed at the Extra Ordinary General Meeting of our Company held on February 07, 2011 and the name of our Company was changed to Laxmi Cotspin Limited and a Fresh Certificate of Incorporation dated March 7, 2011 was issued by the Registrar of Companies Maharashtra Mumbai now bearing CIN U17120MH2005PLC156866. For details of changes in name and registered office of our Company, please refer to the section titled "History and Certain Corporate matters" beginning on page 104 of this Draft Prospectus.

**Registered Office:** GUT No. 399, Samangaon- Kajla Road, in front of Meenatai Thakare Vridhashram, Samangaon, Jalna- 431203, India. For details of changes in the registered office, please refer to the section titled "History and Certain Corporate matters" beginning on page 104 of this Draft Prospectus.

**Telephone:** +91 2482-257295/257222/ 257444; **Facsimile:** + 91 02482 257200; **Contact Person:** Ms. Pooja Vijay Potdar, Company Secretary & Compliance Officer

**E-mail:** complianceofficerlaxmicotspin@gmail.com; **Website:** www.laxmicotspin.com; **Corporate Identity Number:** U17120MH2005PLC156866

**PROMOTERS OF THE COMPANY:** MR. SANJAY RATHI, MR. SHIVRATAN MUNDADA, MR. BHAVESH PATEL, MR. RAJESH BANSAL AND ASHVA MULTI TRADE PRIVATE LIMITED

**PUBLIC OFFER OF 48,00,000 EQUITY SHARES OF A FACE VALUE OF ₹10 EACH (THE "EQUITY SHARES") OF LAXMI COTSPIN LIMITED ("LCL" OR THE "COMPANY") FOR CASH AT A PRICE OF ₹ [●] PER SHARE (THE "OFFER PRICE"), AGGREGATING TO ₹ [●] LAKHS ("THE OFFER"), OF WHICH, 2,40,000 EQUITY SHARES OF ₹10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE OFFER (AS DEFINED IN THE SECTION "DEFINITIONS AND ABBREVIATIONS") (THE "MARKET MAKER RESERVATION PORTION"). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION I.E. OFFER OF 45,60,000 EQUITY SHARES OF ₹ [●] EACH IS HEREINAFTER REFERRED TO AS THE "NET OFFER" THROUGH AN OFFER FOR SALE BY THE SELLING SHAREHOLDERS (AS DEFINED IN THE SECTION "DEFINITIONS AND ABBREVIATIONS") AGGREGATING UP TO ₹ [●] LAKHS \*\* (THE "OFFER"). THE OFFER AND THE NET OFFER WILL CONSTITUTE 27.99 % AND 26.59%, RESPECTIVELY OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY. FOR THE DETAILS OF THE EQUITY SHARES OFFERED BY EACH SELLING SHAREHOLDER, PLEASE REFER TO THE SECTION TITLED "DEFINITIONS AND ABBREVIATIONS – OFFER RELATED TERMS – OFFER" BEGINNING ON PAGE 1 OF THIS DRAFT PROSPECTUS.**

**THIS OFFER IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 (AS AMENDED)**

**FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "OFFER INFORMATION" BEGINNING ON PAGE 196 OF THIS DRAFT PROSPECTUS**

All potential investors may participate in the Offer through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to section titled "Offer Procedure" beginning on page 203 of this Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

**THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH AND THE OFFER PRICE IS [●] TIMES OF THE FACE VALUE.**

## RISK IN RELATION TO THE OFFER

This being the first public offer 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. The Offer Price is [●] times the face value. The Offer Price (as determined by our Company, in consultation with the Lead Manager, and as stated in the section titled "Basis for Offer Price" beginning on page 68 of this Draft Prospectus, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

## GENERAL RISK

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 13 of this Draft Prospectus.

## COMPANYS' AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Offer, which is material in the context of this Offer; that the information contained in this Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and that there are no other facts, the omission of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

## LISTING

The Equity Shares offered through the Draft Prospectus are proposed to be listed on the SME Platform of NSE. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended, we are not required to obtain an in-principal listing approval for the shares being offered in this Offer. However, our Company has received an approval letter dated [●] from NSE for using its name in this Offer Document for listing of our shares on the SME Platform of NSE. For the purpose of this Offer, the designated Stock Exchange will be the National Stock Exchange of India Limited ("NSE").

## LEAD MANAGER

## REGISTRAR TO THE OFFER



**Hem Securities Ltd.**

**LINK Intime**

## HEM SECURITIES LIMITED

14/15, Khatau Building, 40, Bank Street, Fort Mumbai 400 001, India.

**Telephone:** +91 22 2267 1543 / 44

**Facsimile:** +91 22 2262 5991

**Email:** ipo@hemsecurities.com

**Contact Person:** Mr. Anil Bhargava

**Website:** www.hemsecurities.com

**SEBI registration number:** INM000010981

## LINK INTIME INDIA PRIVATE LIMITED

Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup (West), Mumbai-400 078

**Telephone:** +91 22 6171 5400

**Facsimile:** +91 22 2596 0329

**Email:** laxmicotspin.ipo@linkintime.co.in

**Investor grievance email:** laxmicotspin@linkintime.co.in

**Contact Person:** Ms. Shanti Gopalakrishnan

**Website:** www.linkintime.com

**SEBI Registration Number:** INR000004058

## OFFER PROGRAMME

**OFFER OPENS ON [●]**

**OFFER CLOSES ON: [●]**

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

This Draft Prospectus uses certain definitions and abbreviation which, unless the context otherwise indicates or implies, shall have the respective meanings given below. References to statutes, regulations, rules, guidelines and policies will be deemed to include all amendments and modifications thereto.

All references to "the Company", "Our Company", "we", "our", "us" or "Laxmi Cotspin Limited" is to Laxmi Cotspin Limited, a company incorporated under the previous Companies Act, 1956 and having its Registered Office at GUT No.399, Samangaon-Kajla Road, in front of Meenatai Thakare Vridhashram, Samangaon, Jalna 431203, India.

The words and expression used in this Draft Prospectus, but not defined herein, shall have the same meaning ascribed to such terms under the SEBI (ICDR) Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder as the case may be. Notwithstanding the foregoing, the terms not defined but used in the sections titled "Statement of Tax Benefits"; "Financial Statements"; "Outstanding Litigation and Material Developments"; and "Main Provisions of Articles of Association" beginning on pages 70, 126, 173 and 243 respectively, shall have the meanings ascribed to such terms in these respective sections.

#### Company Related Terms

Term	Description
Articles/ Articles of Association/ AoA	The articles of association of our Company, as amended
Audit Committee	Audit committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013
Auditor/ Statutory Auditor	The statutory auditor of our Company, being M/s. CNA & Associates, Chartered Accountant.
Banker to our Company	HDFC Bank Limited and Shyamrao Vitthal Co-operative Bank Limited as disclosed in the section titled "General Information" beginning on page 38 of this Draft Prospectus
Board of Director(s)/the Board/our Board/ Director(s)	The director(s) on our Board, unless otherwise specified. For further details of our Directors, please refer to section titled "Our Management" beginning on page 108 of this Draft Prospectus.
Corporate Promoter	Ashva Multi Trade Private Limited
Equity Listing Agreement/ Listing Agreement	The equity listing agreement to be entered into by our Company with the Stock Exchanges
Equity Shares	The equity shares of our Company of face value of ₹10 each, fully paid-up, unless otherwise specified in the context thereof
Equity Shareholders	Persons/ Entities holding Equity Shares of Our Company.
Group Companies/ Entities	The companies included under the definition of "Group Companies" under the SEBI (ICDR) Regulations and identified by the Company in its Materiality Policy. For further details, please refer to section titled "Group Entities of Our Company" beginning on page 121 of this Draft Prospectus.
Key Managerial Personnel/ KMP	The key management personnel of our Company in terms of the SEBI (ICDR) Regulations and the Companies Act disclosed in section titled "Our Management" beginning on page 108 of this Draft Prospectus.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our company and the NSE Emerge Platform.
Materiality Policy	The policy on identification of group companies, material creditors and material litigation, adopted by our Board on June 20, 2016, in accordance with the requirements of the SEBI (ICDR) Regulations.
Memorandum/ Memorandum of Association/ MoA	The memorandum of association of our Company, as amended
Peer Review Auditor	Independent Auditor having a valid Peer Review certificate in our case being M/s. Ankit M Agarwal & Co., Chartered Accountants
Promoters	The promoters of our Company being: (a) Mr. Sanjay Rathi ;

Term	Description
	(b) Mr. Bhavesh Patel; (c) Mr. Shivratan Mundada; (d) Mr. Rajesh Bansal; and (e) Ashva Multi Trade Private Limited  For further details, please refer to section titled "Our Promoters and Promoter Group of our Company" beginning on page 115 of this Draft Prospectus.
Promoter Group	Includes such persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations and as disclosed under section titled "Our Promoters and Promoter Group of our Company" beginning on page 115 of this Draft Prospectus.
Registered Office	GUT No. 399, Samangaon- Kajla Road, in front of Meenatai Thakare Vridhashram, Samangaon Jalna- 431203 Maharashtra India
Restated Financial Information	Financial Information for the the Financial Years ended March 31, 2016, 2015, 2014, 2013 and 2012, as restated in accordance with SEBI (ICDR) Regulations, comprises of (i) Financial Information as per Restated Consolidated Summary Financial Statements and (ii) Other Financial Information.
RoC/ Registrar of Companies	The Registrar of Companies, Mumbai, Maharashtra situated at 100, Everest, Marine Drive, Mumbai 400002, India.

#### Offer related terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application.
Allot/ Allotment/ Allotted of Equity Shares	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the transfer of the respective portion of the Offered Shares by each of the Selling Shareholders pursuant to the Offer for Sale to the successful Applicants.
Allocation/ Allotment of Equity Shares	The transfer of the Equity Shares pursuant to the Offer to the successful Applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchanges.
Allottee (s)	A Successful applicant (s) to whom the Equity Shares are being allotted.
Applicant / Investor	Any prospective investor who makes an application pursuant to the terms of this Draft Prospectus and the Application Form.
Application Amount	The amount at which the prospective investors shall apply for Equity Shares of our Company in terms of this Draft Prospectus)
Application Form	The form, whether physical or electronic, used by an Applicant to make an application, which will be considered as the application for Allotment for purposes of this Draft Prospectus.
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by all applicants to make an application authorizing a SCSB to block the application amount in the ASBA Account maintained with the SCSB.  <i>Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.</i>
ASBA Account	Account maintained by an ASBA applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant.
ASBA Application Location (s)/ Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, Ahmedabad, Bangalore, Hyderabad and Pune.
Basis of Allotment	The basis on which the Equity Shares will be allotted as described in the section titled "Offer Procedure - Basis of Allotment" beginning on page 203 of this Draft Prospectus.
Broker Centres	Broker centres notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker.

Term	Description
	The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of the NSE on the following link:- <a href="http://www.nseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3">http://www.nseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3</a>
CAN or Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
ClientID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Controlling Branches of SCSBs	Such branches of the SCSBs which co-ordinate Applications under this Issue made by the Applicants with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on <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.
Designated Intermediaries /Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Depository/ Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time, being NSDL and CDSL.
Depository Participant/DP	A depository participant as defined under the Depositories Act, 1966.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.nseindia.com">www.nseindia.com</a>
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.nseindia.com">www.nseindia.com</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.
Draft Prospectus	This Draft Prospectus dated August 30, 2016 issued in accordance with Section 32 of the Companies Act, 2013.
Designated Market Maker	[●]
Designated Stock Exchange	Emerge Platform of National Stock Exchange of India Limited
Eligible NRI(s)	NRI(s) from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Prospectus constitutes an invitation to subscribe for the Equity Shares offered herein on the basis of the terms thereof
Escrow Agreement	Agreement entered into amongst the Company, Lead Manager, the Registrar and the Banker to the Offer to receive monies from the Applicants through the SCSBs Bank Account on the Designated Date in the Public Offer Account
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
First/Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form.



Term	Description
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the Circular (CIR/CFD/DIL/12/2013) dated 23 <sup>rd</sup> October, 2013, notified by SEBI read with SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process.
LM / Lead Manager	The Lead Manager for the Offer being Hem Securities Limited.
Market Making Agreement	The Market Making Agreement dated [●] between our Company and Market Maker [●]
Market Maker Reservation Portion	The reserved portion of 2,40,000 Equity Shares of ₹10 each at an Offer Price of ₹ [●] each to be subscribed by Market Maker.
MOU/ Offer Agreement	The Memorandum of Understanding dated [●] between our Company and Lead Manager.
Mutual Fund(s)	Mutual fund (s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.
Net Offer	The Offer (excluding the Market Maker Reservation Portion) of up to 45,60,000 equity shares of face value ₹10 each of Laxmi Cotspin Limited for cash at a price of ₹ [●] per Equity Share (the "Offer Price"), including a share premium of ₹ [●] per equity share aggregating up to ₹ [●] Lakhs.
Net Proceeds	The Offer Proceeds, less the Offer related expenses, received by the Company.
Non Institutional Investors or NIIs	All Applicants, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an amount of more than ₹2,00,000 (but not including NRIs other than Eligible NRIs)
NSE EMERGE	The SME platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter X-B of the SEBI ICDR Regulations
Offer/ Offer Size / Public Offer/ IPO	This Public Offer of 48,00,000 Equity Shares of Rs. 10 each for cash at a price of ₹ [●] per equity share aggregating to ₹ [●] lakhs by Laxmi Cotspin Limited
Offer Closing date	The date on which the Offer closes for subscription being [●]
Offer Opening date	The date on which the Offer opens for subscription being [●]
Offer Price	The price at which the Equity Shares are being offered by our Company under this Draft Prospectus being ₹ [●]
Offer Proceeds	The proceeds of the Offer as stipulated by the Company and Selling Shareholders. For further information about use of the Offer Proceeds please refer to section titled "Objects of the Offer" beginning on page 66 of this Draft Prospectus
Overseas Corporate Body / OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Offer.
Other Investors	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Payment through electronic means	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 the RoC in accordance with the provisions of Section 32 of the Companies Act, 2013.
Public Offer Account	The Bank Account opened with the Banker(s) to this Offer [●], under section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund, Alternative Investment Fund and Foreign Venture Capital investor registered with the Board, a foreign portfolio investor other than Category III foreign portfolio investor, registered with the Board; a public financial

Term	Description
	institution as defined in Section 2(72) of the Companies Act, 2013; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance Company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of Rs. 25.00 Crore; a pension fund with minimum corpus of Rs. 25.00 Crore rupees; National Investment Fund set up by resolution No. F. No. 2/3/2005 – DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar/ Registrar to this Offer/RTI	Registrar to the Offer being Link Intime India Private Limited.
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion.
Retail Investors/RIIs	Individual Applicants or minors applying through their natural guardians, (including HUFs in the name of Karta and Eligible NRIs) who have applied for an amount less than or equal to ₹2 Lakhs in this Offer.
Selling Shareholders	(i) Sensex Tracom Private Limited; (ii) Mauli Financial Services Private Limited; and (iii) Mangalmayees Stock Management Private Limited
Self Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a>
Specified Cities	Cities as specified in the SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Ahmedabad, Bangalore, Baroda (Vadodara), Chennai, Delhi, Hyderabad, Jaipur, Kolkata, Mumbai, Pune, Rajkot and Surat.
SME Exchange	The SME Platform of the NSE i.e NSE EMERGE
SME Platform	The SME Platform of NSE i.e. NSE EMERGE for listing equity shares offered under Chapter XB of the SEBI ICDR Regulation which was approved by SEBI as an SME Exchange.
Stock Exchange	NSE EMERGE
Underwriters	Hem Securities Limited
Underwriting Agreement	The Agreement dated [●] entered into amongst the Underwriters and our Company.
Working Days	Any day, other than 2 <sup>nd</sup> and 4 <sup>th</sup> Saturday of the month, Sundays or public holidays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Offer opening and Offer closing date and listing of the Equity Shares on the Stock Exchanges, “Working Days” shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

### Conventional and General Terms

Term	Description
ACIT	Assistant Commissioner of Income Tax
AGM	Annual General Meeting
AIF(s)	The alternative investment funds, as defined in, and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Air Act, 1981	Air (Prevention and Control of Pollution) Act, 1981
Category I foreign portfolio investor(s)	FPIs who are registered as "Category I foreign portfolio investor" under the SEBI FPI Regulations
Category II foreign portfolio investor(s)	FPIs who are registered as "Category II foreign portfolio investor" under the SEBI FPI Regulations



Term	Description
Category III foreign portfolio investor(s)	FPIs who are registered as "Category III foreign portfolio investor" under the SEBI FPI Regulations
Client ID	The client identification number maintained with one of the Depositories in relation to demat account
Companies Act, 1956	Companies Act, 1956 ( <i>without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013</i> ) along with the relevant rules made thereunder
Companies Act/ Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	Consolidated FDI Policy (Circular 1 of 2015) dated May 12, 2015 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.
CST Act	Central Sales Tax Act, 1956
Depository	A depository registered with SEBI under the Depositories Act, 1996
Depository Participant/ DP	A depository participant registered with SEBI under the Depositories Act
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DP/ Depository Participant	A depository participant as defined under the Depositories Act
FCNR Account	Foreign currency non-resident account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000
FII(s)	Foreign Institutional Investors as defined under the SEBI FPI Regulations.
Financial Year/ Fiscal/ Fiscal Year/ F.Y.	Period of twelve (12) months ended March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investor or FPI	Foreign Portfolio Investors, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investor, registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
Hazardous Waste Rules, 2008	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
Income Tax Act or the I.T. Act	The Income Tax Act, 1961
Ind AS	New Indian Accounting Standards notified by Ministry of Corporate Affairs on February 16, 2015, applicable from Financial Year commencing April 1, 2016
LLP Act	The Limited Liability Partnership Act, 2008
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Government as having come into effect prior to the date of this Draft Prospectus
NRE Account	Non-resident external account
NRO Account	Non-resident ordinary account
NSE	National Stock Exchange Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA
RBI Act	Reserve Bank of India Act, 1934
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995



Term	Description
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI (LODR) Regulations/ SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	U.S. Securities Act of 1933, as amended
State Government	The government of a state of the Union of India
STT	Securities Transaction Tax
Sub-account	Sub-accounts registered with SEBI under the SEBI FII Regulations other than sub-accounts which are foreign corporates or foreign individuals
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI VCF Regulations
Water Act, 1974	Water (Prevention and Control of Pollution) Act, 1974

#### Technical and Industry related terms

Term	Description
ARMs	Additional Revenue Measures
BCI yarn	Better Cotton Initiative Yarn
CapEx	Capital Expenditure
CPI	Consumer price index
CSO	Central Statistics Office
FOB	Freight On Board
GDP	Gross Domestic Product
GVA	Gross value added
HVI	High Volume Instrument
IIP	Index of Industrial Production
IPS Scheme 2007	Package Scheme of Incentives 2007
JNPT	Jawaharlal Nehru Port
Kg/kgs	Kilogram(s)
KVA	Kilo-volt-ampere (a unit of apparent power)
MAI	Market Access Initiative
MDA	Market Development Assistance
MoU	Memorandum of Understanding
MYEA	Mid-Year Economic Analysis
M.S.E.B.	Maharashtra State Electricity Board
MSEDCL	Maharashtra State Electricity Distribution Company Limited
Ne	Number English (A unit of textile measurement)
NER	North East Region
Nm	Number metric (A unit of textile measurement)
Qtl	Quintal
RMG	Readymade Garments
RRTUFS	Revised Restructured Technology Upgradation Fund Scheme
SITP	Scheme for Integrated Textile Parks
Sq. ft	Square feet
T&C	Textile and Clothing
Texprocil	Textiles Export Promotion Council
TMTT	Textiles launched Technology Mission on Technical Textiles
WEO	World Economic Outlook



Term	Description
WIL	Welspun India Limited
WPI	Wholesale Price Index

**General terms/ Abbreviations**

Term	Description
₹ or Rs. or Rupees or INR	Indian Rupees
AGM	Annual General Meeting
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India.
A.Y.	Assessment year
BC	Before Christ
BPLR	Bank Prime Lending Rate
BSE	The BSE Limited
CAGR	Compounded annual growth rate
CARO	Companies (Auditor's Report) Order, 2003
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CIN	Corporate Identity Number
CLB	Company Law Board
CrPC	Criminal Procedure Code, 1973, as amended
CSR	Corporate Social Responsibility
DIN	Director Identification Number
DP ID	Depository participant's identification
ECs	Electronic Clearing System
EBITDA	Earnings before Interest, Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting of the Shareholders of the Company
EPS	Earnings Per Share
ESOS	Employee Stock Option Scheme
FDI	Foreign direct investment
FIPB	Foreign Investment Promotion Board
GAAR	General anti avoidance rules
GIR	General index register
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
ISO	International Organization for Standardization
IT Act	The Income Tax Act, 1961, as amended
IT Rules	The Income Tax Rules, 1962, as amended
JV	Joint Venture
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum of understanding
N.A.	Not Applicable
NAV/ Net Asset Value	Net asset value being paid up equity share capital plus free reserves ( <i>excluding reserves created out of revaluation</i> ) less deferred expenditure not written off ( <i>including miscellaneous expenses not written off</i> ) and debit balance of profit and loss account, divided by number of issued Equity Shares
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NoC	No Objection Certificate
No.	Number
NR	Non-resident
NSDL	National Securities Depository Limited.



<b>Term</b>	<b>Description</b>
NTA	Net Tangible Assets
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit before tax
PCB	Pollution Control Board
P/E Ratio	Price per earnings ratio
Pvt.	Private
RBI	Reserve Bank of India
RoC	Registrar of Companies
RONW	Return on Net Worth
RTGS	Real time gross settlement
SCN	Show Cause Notice
SCSB	Self-certified syndicate bank
UIN	Unique identification number
US	United States
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value added tax
YoY	Year on Year



## CURRENCY CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY PRESENTATION

### Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to "India" in this Draft Prospectus are to the Republic of India, all references to the "U.S.", the "USA" or the "United States" are to the United States of America, together with its territories and possessions.

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

### Financial Data

Unless stated otherwise, the financial information in this Draft Prospectus is derived from our Restated Financial Statements (i) as of and for F.Y. ended March 31, 2016, 2015, 2014, 2013, 2012 is prepared in accordance with Indian GAAP and the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs and other applicable statutory and/ or regulatory requirements and (ii) as of and for F.Y. ended March 31, 2016, is prepared in accordance with Indian GAAP and the Companies Act, 2013. The above stated financial information is restated in accordance with the SEBI (ICDR) Regulations.

In this Draft Prospectus, all figures in decimals have been rounded off to the second decimal place and all percentage figures have been rounded off to two decimal places.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Prospectus, nor do we provide a reconciliation of the financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP, Companies Act and the SEBI (ICDR) Regulations included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Accounting Standards and accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations. Please refer to section titled "Risk Factors" beginning on page 13 - Significant differences could exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may affect investors' assessments of our Company's financial condition" beginning on page 13 of this Draft Prospectus. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Unless otherwise indicated, any percentage amounts, as set forth in this Draft Prospectus, including in the sections titled "Risk Factors"; "Our Business"; "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 13; 90 **Error! Bookmark not defined.** and 126 respectively, have been calculated on the basis of the restated audited financial statements of our Company included in this Draft Prospectus.

### Currency and Units of Presentation

All references to "Rupees", "Rs.", "INR" or "₹" are to Indian Rupees, the official currency of the Republic of India. Our Company has presented certain numerical information in this Draft Prospectus in "lakhs" units. One lakh represents 1,00,000. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed therein are due to rounding-off.

### Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Prospectus has been derived from industry publications. 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, we believe that the industry and market data used in this Draft Prospectus is reliable, neither we nor the Lead Manager nor any of their respective affiliates or advisors have prepared or verified it independently. The extent to



which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" beginning on page 13 of this Draft Prospectus. Accordingly, investment decisions should not be based on such information.

In accordance with the SEBI (ICDR) Regulations, we have included in the section titled "Basis for Offer Price" beginning on page 68 of this Draft Prospectus, information pertaining to the peer group entities of our Company. Such information has been derived from publicly available data of the peer group companies.

### **Exchange Rates**

This Draft Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

**The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the USD (in Rupees per USD):**

<b>Currency</b>	<b>As on March 31, 2012 (1)</b>	<b>As on March 31, 2013 (1)</b>	<b>As on March 31, 2014(1)</b>	<b>As on March 31, 2015</b>	<b>As on March 31, 2016</b>
1 USD	51.16	54.39	60.10	62.59	66.33

(Source: <https://rbi.org.in>)

*(1) In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.*



## FORWARD LOOKING STATEMENTS

The Company has included statements in this Draft Prospectus which contain words or phrases such as "may", "will", "aim", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "seek to", "future", "objective", "goal", "project", "should", "potential" and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements.

All statements regarding the expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to the business strategy, the revenue, profitability, planned initiatives. 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 the 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. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the section titled "Risk Factors"; "Management's Discussion and Analysis of Financial Condition and Results of Operations"; "Industry Overview"; and "Our Business" beginning on pages 13, 165, 85 and 90 respectively of this Draft Prospectus.

The forward-looking statements contained in this Draft Prospectus are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materializes, or if any of the underlying assumptions prove to be incorrect, the actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Certain important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

1. General economic and business conditions in India and other countries;
2. Disruption in our manufacturing facilities;
3. Our revenues are significantly dependent upon sales of our main products that are cotton bales and yarn;
4. Regulatory changes relating to the finance and capital market sectors in India and our ability to respond to them;
5. Changes in laws and regulations that apply to the Company;
6. Our business is subject to seasonal volatility;
7. Any changes in regulations or applicable government incentives would adversely affect the Company's operations and growth prospects;
8. Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments;
9. Our ability to keep pace with rapid changes in finance and stock broking sector;
10. The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
11. Changes in the value of the Rupee and other currencies;
12. The occurrence of natural disasters or calamities; and
13. Change in political and social condition in India.

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. Our Company, the Lead Manager, or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors are informed of material developments until the time of the grant of final listing and trading permissions with respect to Equity Shares being offered in this Issue, by the Stock Exchanges. Our Company will ensure that investors are informed of material developments in relation to statements about our Company in this Draft Prospectus until the Equity Shares are allotted to the investors.

## SECTION II: RISK FACTORS

Any investment in equity securities involves a high degree of risk. You should carefully consider all of the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a more complete understanding, you should read this section together with section titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 90 and 165 respectively, as well as the other financial and statistical information contained in this Draft Prospectus.

Any of the following risks, as well as the other risks and uncertainties discussed in this Draft Prospectus, could have an adverse effect on our business, financial condition, results of operations and prospects and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or a part of your investment. The risks and uncertainties described in this section are not the only risks that we may face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, financial condition and prospects.

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

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. You should not invest in this offering 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.

The financial information in this section is, unless otherwise stated, derived from our Consolidated Restated Financial Statements prepared in accordance with Indian GAAP, as per the requirements of the Companies Act 2013 and SEBI (ICDR) Regulations. The risk factors have been determined on the basis of their materiality. Some events may not be material individually but may be found to be material collectively, some events may have a material impact qualitatively instead of quantitatively and some events may not be material at present but may have material impacts in the future.

### **1. Our Company has been involved in certain legal proceedings/ received few show cause notices, which may have financial implication on the business of our Company**

Our Company is involved in a number of legal proceedings, which are classified under various legal heads, as under:

Sr. No.	Nature of Cases	No. of outstanding cases	Amount involved (in Lacs)
<b>(I) Proceedings against our Company</b>			
1.	Indirect Taxes	1	13.47

For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 173 of this Draft Prospectus.

### **2. We are dependent upon few customers for our business. Any reduction or interruption in the business of a key customer or a substantial decrease in orders placed by a key customer may have an adverse impact on the revenues and operations of our Company**

We are dependent on a few customers for our business. Our ten largest customers accounted for about 47.29% of our total revenue for the period ended March 31, 2016. We do not have long term arrangements with all our customers to purchase our products in the future, at the current prices or at all. The loss of a major customer and/or reduction in any of our key customers' sales, resulting in lower demand for our products and any material delay, cancellation or reduction of orders from any of our key customers would materially affect our business and financial condition. There is no assurance that we will be able to maintain historic levels of business from all the existing customers or to retain all the existing customers, or that we will be able to replace our customer base in a timely manner or at all. In the event our existing customers do not continue to purchase our products, it may affect our revenues and the financial condition of our Company.

3. ***If we are not able to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business it may have a material adverse effect on our business.***

We require certain statutory and regulatory permits, licenses and approvals to operate our business. Though we believe that we have obtained other permits and licenses which are adequate to run our business, we cannot assure that there is no other statutory/regulatory requirement which we are required to comply with. Also, few of our approvals are in the name of our previous name which is not yet changed. Further, some of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Failure by us to renew, maintain or obtain the required permits or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business.

4. ***Our products are being manufactured from our manufacturing facilities located in Jalna.***

We manufacture our products from our manufacturing facilities in Jalna, which caters to our domestic and export demand. Any disruption in the operations due to supply of power, fire outages or industrial accidents at this unit could hamper or delay our ability to continue production and servicing. Any disruption or suspension in the production process in this facility can significantly impact our ability to service customer needs and relation with our customers and have a material adverse effect on our business, revenues, reputation, results of operation and financial condition.

5. ***Our Company does not have any formal long-term arrangements with the suppliers and customers. Any significant variation in the supply & demand may adversely affect the operations and profitability of our Company***

We are, to a major extent, dependent on external suppliers for our raw materials requirements and we do not have any formal long-term arrangements with our suppliers and customers which obliges them to maintain their business with us. Our ability to maintain close and satisfactory relationships with our suppliers & customers and to consistently provide processing services that meets customer's requirements is important to our business. In the event, our customer terminates the existing contracts it may affect our Company's business, results of operations and revenues. Also, there is no assurance that the customers and suppliers will continue to supply raw materials to us and these customers will continue to purchase products from us. This could impact the financial performance of our Company and affect our financial condition.

6. ***The cost at which we are able to obtain for the yarns that we produce depend largely on prevailing market prices of raw material like cotton bales. Any decrease in yarn prices may adversely affect our profitability.***

The wholesale price of cotton has a significant impact on our profits. Cotton is subject to price fluctuations resulting from weather, natural disasters, domestic and foreign trade policies, shifts in supply and demand and other factors beyond our control. As a result, any prolonged decrease in cotton prices could have a material adverse effect on our Company and our results of operations.

7. ***Our business is subject to a significant number of legal and tax regulations and there may be changes in legislation governing the rules implementing them or the regulator enforcing them. Changes in the operating environment, including changes in tax law, may impact the determination of our tax liabilities for any given year, which may have an adverse impact on our profitability.***

We currently have our business spread across a few states in India. Consequently, we are subject to the jurisdiction of various laws, tax authorities and regulations. The final determination of our tax liabilities involve the interpretation of local tax laws and related authorities in each jurisdiction as well as the significant reliance on estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given year. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, VAT, income tax, service tax and other taxes, duties or surcharges introduced from time to time.

8. ***Our revenues are significantly dependent upon sales of our main products that are cotton bales and yarn.***



Our core business is the manufacture of yarn and we have an existing open end and ring spinning unit. Consequently, our income is significantly dependent on sales of the cotton bales and yarn and over the years, such sales have emerged as the largest single contributor to our revenue and business. Our continued reliance on sales of our products for a significant portion of our revenue exposes us to risks, including the potential reduction in the demand for such products in the future; increased competition from domestic and regional manufacturers; cost-effective technology; fluctuations in the price and availability of the raw materials; changes in regulations and import duties; and the cyclical nature of our customers' businesses. One or more such reasons may affect our revenues and income from sales of our products and thereby adversely affect our business, profitability, cash flows and results of operations.

**9. We have experienced negative cash flows in previous years. Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial conditions**

The details of Cash flows of our Company are as follows:

Particulars	For the year ended (in ₹)				
	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
<b>Net Cash used in Investing Activities</b>	(2,57,03,943)	(7,65,26,822)	(2,25,63,436)	(3,64,84,590)	(15,172,773)
<b>Net Cash from Financing Activities</b>	(15,56,59,973)	1,83,39,311	(3,61,24,825)	(6,58,72,793)	(16,09,22,797)

Cash flow of a Company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and to make new investments without raising finance from external resources. Any operating losses or negative cash flows could adversely affect our results of operations and financial conditions. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For more information, regarding Cash flows please refer to section titled "Financial Statements - Annexure III" beginning on page 126 of this Draft Prospectus.

**10. Insurance coverage obtained by us may not adequately protect us against unforeseen losses.**

We maintain insurance coverage in accordance with industry standards that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. Cotton being a highly flammable commodity, every stage from procurement, processing, storage and transportation to trading is fraught with an imminent danger of an instant fire. The risk of fire hazard is increased due to increased automation and use of large volume of air for material handling. Blow room and carding area are more prone to such hazard. Any spark generated at these places can not only generate fire but also the same could propagate to other machines through cotton conveying. We maintain standard fires and perils policies in respect of the buildings, plant and machinery, stocks of goods, raw material and office equipment in our manufacturing facilities. We maintain marine open policy. In respect of our workforce, we maintain workman compensation policy. There can however be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, as of the date of this Prospectus, some of our insurance policies have expired in the ordinary course of business, in respect of which renewal applications have been made. A successful enforcement of one or more claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations.

**11. There may be potential conflict of interests between our company and other venture or enterprises promoted by our promoters or directors.**

The main objects of our Company and our Group Entity, Gayatri Ginning and Pressing Private Limited allow them to have same/similar to business as carried out by our Company. Further we have not executed any Non-Compete Agreement with our Group Entity undertaking not to engage in businesses similar to that of our Company. Failure to adhere to the may have an adverse effect on our business operations and financial conditions.

**12. We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their**

***obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition.***

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations in India. Although we do not engage these laborers directly, we may be held responsible for any wage payments to be made to such laborers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations, cash flows and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract laborers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations, cash flows and financial condition.

**13. *Certain corporate records are not available with our Company.***

Our Company is not able to trace certain corporate records like a few transfer deeds and so we have relied upon the other documents and certificates as provided by the management. Hence, we will not be able to provide them to any person or the authorities. In such a scenario, notices may be issued upon our Company and fines or penalties may also be imposed upon our Company, which may adversely affect our business and operations from compliance perspective.

**14. *Our business is subject to seasonal volatility, which may contribute to fluctuations in our results of operations and financial condition.***

Our industry is seasonal in nature. The period during which our business may experience higher revenues varies from state to state, and depends principally on the financing requirements of our customers. For instance, depending upon the geography, every harvest season results in a decrease in the number of agriculture loans availed by our customers. Accordingly, our revenue in one quarter may not accurately reflect the revenue trend for the whole Financial Year. The seasonality and cyclicity of our industry, and the financial services industry, may cause fluctuations in our results of operations and financial condition.

**15. *We are subject to certain restrictive covenants under various debt facilities provided to us by our lenders and there can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take actions to grow our business***

We have availed loans and financial facilities amounting to ₹5784.91Lacs from the following banks namely; HDFC Bank and Shyamrao Vitthal and Co-operative Bank Limited (“our Lenders”). In respect of various agreements entered into by our Company with our Lenders and sanction letters issued by our Lenders to us, we are bound by certain restrictive covenants. These restrictive covenants require us to obtain the written consent from the lenders before making / effecting the following changes:

- ❖ Effect any adverse changes in Company’s capital structure.
- ❖ Formulate any scheme of amalgamation or merger or reconstruction.
- ❖ Implement any scheme of expansion or diversification or capital expenditure except normal replacements indicated in funds flow statement submitted to and approved by the Bank.
- ❖ Enter into any borrowing or non-borrowing arrangements either secured or unsecured with any other Bank, financial institution. Company, firm or otherwise or accept deposits in excess of the limits laid down by Reserve Bank of India.
- ❖ Invest by way of share capital in or lent or advance funds to or place deposits with any other Company/firm/concern (including group companies/associates)/persons. Normal trade credit or security deposit in the normal course of business or advance to employees can, however be extended.
- ❖ Undertake guarantee obligations on behalf of any other Company/firm/person.
- ❖ Make any drastic change(s) in its management set-up.
- ❖ Enter into any contractual obligation of a long term nature or affecting the company financially to a significant extent.
- ❖ Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc.
- ❖ Undertake any trading activity other than the sale of products arising out of its own manufacturing operations.
- ❖ Sell or dispose off or create security or encumbrances on the assets charged to the Bank in favour of any other Bank, Financial institution, Company, firm, individual.





- ❖ Repay monies brought in by the promoters, partners, directors, share holders, their relatives and friends in the business of the Company/firm by way of deposits/loan/share application money etc.
- ❖ Declare dividend for any year except out of profits relating to that year after meeting all the financial commitments to the bank making all due and necessary provisions and till the financial position improves at the estimated/projected levels given by them.
- ❖ All unsecured loans / deposits raised by the company for financing a project are always subordinate to the loans of the banks/ financial institutions and should be permitted to be repaid only with the prior approval of the all the banks and the financial institution concerned.

There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business or which are in the interest of our shareholders.

For details of loans availed by our Company and the above mentioned restrictive covenants, please refer to the section titled "Financial Indebtedness" beginning on page 161 of this Draft Prospectus.

**16. *Insufficient cash flows to meet required payments on our debts and working capital requirements could adversely affect our Company's operations and financial results***

The business of our Company requires a significant amount of working capital to finance the purchase of raw materials and maintain inventories and term loans for establishment of manufacturing facilities and acquisition of equipments. The working capital requirements of our Company are also affected by the credit lines that our Company extends to its customers, in line with industry practice. Moreover, our Company may need to raise further term loans and working capital loans in the future to meet its capital expenditure and to satisfy its working capital requirements. There can be no assurance that our Company will continue to be successful in arranging adequate working capital and term loans for its existing or expanded operations on acceptable terms or at all, which could adversely affect our Company's operations and financial results.

**17. *Our business is dependent on the adequate and uninterrupted supply of electrical power and water at a reasonable cost. Failure on account of unavailability of electrical power and water may restrict us in utilizing our full capacity and, hence, may impact our business and results of operation.***

Adequate and cost effective supply of electrical power is critical to our operations, which entails significant consumption of electrical power. Currently, we source of our power requirements from the State Electricity Board. There can be no assurance that electricity supplied by them will be sufficient to meet our requirements or that we will be able to procure adequate and interrupted power supply in the future at a reasonable cost. Further, if the per unit cost of electricity is increased by the state electricity boards, our power costs will increase and it may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins.

**18. *Any changes in regulations or applicable government incentives would adversely affect the Company's operations and growth prospects.***

The GoI has provided several incentives to the textile sector, from which our Company may benefit, including the TUFs interest and capital subsidies. These incentives could be modified or removed at any time, or new regulations could be introduced applicable to our Company's business, which could adversely affect our Company's operations and financial results.

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



**19. Our Company may face increased financial burden on cessation of mega status for our unit for manufacturing of cotton yarn, due to admissible industrial promotion subsidy, extended by the Government of Maharashtra.**

The manufacturing facility of our Company is located at Jalna, Maharashtra and was granted Mega Status for our unit for manufacturing of cotton yarn and the admissible Industrial Promotion Subsidy and have availed the benefits within 7 years upto November 30, 2014 which is less than 50% of the Eligible Admissible Incentives. As per the eligibility certificate under PSI-2007 issued by the Government of Maharashtra issued on January 23, 2009, our Company is entitled for electricity duty exemption, 100% exemption from payment of stamp duty and Industrial Promotion Subsidy equivalent to 100% of our eligible investment i.e. Rs. 3554 Lakhs with effect from June 08, 2007 for the period of seven (7) years with various options. However, our Company have availed the benefits of Rs. 976.26 Lakhs which is less than the 50% of the eligible admissible incentives. According to the GR issued by Government of Maharashtra to extend the period to avail the benefits upto 50 % of the eligible amount or 5 years whichever is lower. On view of that our Company has applied to avail the benefits as per GR. However, our Company is not assured that the same will be granted in timely manner. In view of that increase in financial liability on our Company which ultimately would affect profitability which may impact the financial performance of our Company in future also.

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

Our business requires significant amount of working capital and major portion of our working capital is utilized towards debtors and inventories. We have been sanctioned working capital of Rs. 5784.91 lakhs as on March 31, 2016 from the existing bankers. Our growing scale and expansion, if any, may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations.

Further, we have high Debtors which may result in a high risk in case of non-payment by these Debtors. In the event we are not able to recover our dues from our Debtors, we may not be able to maintain our Sales level and thus adversely affecting our financial health.

**21. Our Company has entered into certain related party transactions and may continue to do so in the future.**

Our Company has entered into related party transactions with our Promoter, Directors and the Promoter Group aggregating ₹6,35,59,818 for the last financial year ended March 31, 2016. While our Company believes that all such transactions have been conducted on the arms length basis, there can be no assurance that it could not have been achieved on more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details, please refer to section titled "Financial Information - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus.

**22. We face substantial competition in the textile business, both from Indian and international companies, which may adversely affect our revenues**

We face significant competition from existing players and potential entrants in the Indian textile industry. The Indian textile industry is highly competitive in man-made fibres segment. We will face competition mainly from large vertically integrated and diversified companies as well as new companies, particularly in China and Indonesia. Some of our international competitors are larger than us and have greater financial resources. Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have an adverse effect on our business, results of operations and financial condition.

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

Pursuant to the Financing Agreements entered into by us with the Bankers, we are required to obtain consents from the

respective Bankers to undertake certain actions, including this Offer and for completion of the requirements pertaining to this Offer. Though, we have informed both our bankers orally of our intention to undertake this Offer, as on date, we have not obtained consents from our bankers for undertaking this Offer, and the same is awaited. While our Company intends to obtain all the necessary consents in relation to this Offer prior to the filing of the Prospectus with the RoC, undertaking this Offer without obtaining our bankers' consents, or in contravention of any conditions contained in such contents, may constitute a breach of the Financing Agreements. Any default under the Financing Agreements may enable our bankers to cancel any outstanding commitments, accelerate the repayment and enforce their security interests. If our obligations under the Financing Agreements are accelerated, our financial condition and operations could materially and adversely be affected.

**24. *Our Company is under an Export Obligation under the Scheme availed for Import of Capital Goods.***

Our Company is engaged in manufacturing of cotton yarn and in the business of cotton processing in textile industry. Further our Company have availed the subsidies of Custom duty on import of Capital goods for which we have certain obligation to export under the Export Promotion Capital Goods Scheme. Export Obligation under EPCG Scheme is required to be fulfilled by export of goods manufacture by us which is equal to six times of the total duty saved on import of capital goods, to be fulfilled in 6 and 8 years reckoned from authorization issue date. Any failure to comply with export Obligation will affect the financial position of our Company. For detailed please refer to the section titled "Our Business" and "Government and other Approvals" beginning on pages 90 and 176 respectively of this Draft Prospectus.

**25. *Our Promoter and Promoter Group will retain majority control over the Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.***

Upon completion of the offer, our Promoter and Promoter Group will own 55.48 % of the post-offer Equity Share capital of the Company. As a result, the Promoter and Promoter Group will not have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. The Promoter and Promoter Group will continue to have an effective veto power with respect to any shareholder action or approval requiring a majority vote. For further details of Promoters' shareholding, please refer to section titled "Capital Structure" beginning on page 45 of this Draft Prospectus.

**26. *We are dependent on our Directors and key managerial personnel of our Company for success whose loss could seriously impair the ability to continue to manage and expand business efficiently***

Our Directors and key managerial personnel collectively have vast experience in the industry and are difficult to replace. They provide expertise, which enables us to make well informed decisions in relation to our business and our future prospects. Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of our Directors and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Also, the loss of any of the management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability expand our business.

Further, our future performance will depend upon the skills, efforts, expertise, and continued services of these persons and our ability to attract and retain qualified senior and mid-level managers. The loss of their services or those of any other members of management could impair our ability to implement our strategy and may have a material adverse effect on our business, financial condition and results of operations. For further details of our Directors and key managerial personnel, please refer to section titled "Our Management" beginning on page 108 of this Draft Prospectus.

**27. *Third party industry and statistical data in this Draft Prospectus may be incomplete, incorrect or unreliable.***

Neither LM nor we have independently verified the data obtained from the official and industry publications and other sources referred in this Draft Prospectus and therefore, while we believe them to be true, there can be no assurance that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. The discussion of matters relating to India, its economy and our industry in this Draft Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their

information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data or report and do not take responsibility for any errors or omissions or for the results obtained from using their data or report. Accordingly, investors should not place undue reliance on, or base their investment decision on this information, please refer to section titled "Industry Overview" beginning on page 85 of this Draft Prospectus.


**28. We have certain contingent liabilities that have not been provided for in our financial statements, which, if they materialize, may adversely affect our results of operations, financial condition and cash flows.**

As of March 31, 2016, our contingent liabilities, as per Accounting Standards 29 – provisions, contingent liabilities and contingent assets, that have not been provided for are as set out in the table below:


<i>Particulars</i>	<i>Amount (Rs. In Lakhs)</i>
<b>Contingent Liabilities:</b>	
MSEB against the electricity consumption	75.51
Agriculture Marketing Maharashtra State, Pune	10.00
Deputy Commissioner of customs against imported spare clearance	82.51
DGFT for export obligation	225.33
<b>Total</b>	<b>393.35</b>

**29. Trademark of our logo is not registered and we are in the process of seeking registration of trademark of our logo. There is no assurance that this application shall result in us being granted registration in a timely manner. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations**



Our corporate name and logo  has not been registered as a result of the same the use of the words “Laxmi Cotspin Limited” in the corporate and trading names by any third parties may lead consumers to confuse them with our Company and if they experience any negative publicity, it could have an adverse effect on our business, results of operations and financial condition. This confusion might also lead to our Company losing business to such competitors and might adversely affect our goodwill. However, we have in the process of making an application for the registration



of the trademark of our logo . Further, since it is not registered we do not enjoy the statutory protections accorded to a registered trademark and are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party. Maintaining the reputation of our brands, corporate name, logo and the goodwill associated with these trademarks is critical to our success. Substantial erosion in the value of our brand names could have a material adverse effect on our business, financial condition, results of operations and prospects. For further details please refer to section titled "Government and Other Approvals" beginning on page 176 of this Draft Prospectus.

**30. Exchange rate fluctuations may adversely affect the Company’s financial performance**

Since, we export our products i.e. Cotton yarn and cotton bales and we import stores and spares from our suppliers located in international markets, our Company is exposed to foreign exchange rate risks primarily in relation to the import of products. Accordingly, adverse movements in foreign exchange rates may increase procurement costs and adversely affect the Company’s results of operations. While our Company has been hedging itself against the currency fluctuations in order to appropriately mitigate risks, which we believe is adequate to protect the Company from such fluctuations, there can be no assurance that the risks arising out of the same can be fully mitigated.

**31. We are exposed to the risk of shut down of operations due to operational hazards.**

Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations due to operational and natural hazards at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations. We are exposed to the risk of strike and other industrial actions. As on July 31, 2016, we had 47 employees, 79 workers on pay roll and 142 workers on contractual basis in various divisions of our Company. While we believe that we enjoy a good relationship with our employees and workers, we may experience strike, work stoppage or other industrial action in the future. Any such strike, work stoppage or

industrial action by our own employees and workers or the employees and workers of our suppliers or transportation providers could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and otherwise have a material adverse effect on our business and results of operation.

**32. *Volatility in raw material prices, may adversely impact our total cost of goods sold***

The price of Cotton, a key raw material for the Company's yarn division is susceptible to volatility and forms a major portion of the total cost of production. The Company has not entered into any firm arrangements with any party for supply of key raw materials like cotton and cotton waste. Any upward fluctuations in their prices or unavailability may affect the Company's financial performance and operations. Our Company normally ties up the supplies of cotton for the whole year which hedges the risk of any shortfall in the supply of cotton. Moreover, with the introduction and success of BT cottonseed in India, the yield of cotton is better and hence the volatility in raw material price has been mitigated to a great extent. Further, the Company has been in the industry for nearly two decades and has the ability to anticipate the price movements and hedge itself against any adverse price trends. We can also import Cotton if the prices are competitive/cheaper than the domestic market.

**33. *There have been some instances of delayed filing of records required to be filed by the Company with regulatory authorities***

There have been some instances of delayed filing by the Company in respect of the filings required to be made with regulatory authorities, including filings under Companies Act. Till date, the Company has not received any notices from any authorities, however, there can be no assurance that the regulator may not initiate proceedings against us or that we will be able to sufficiently defend against any action initiated by regulators in relation to regulatory compliances for all instances and periods. Any adverse order passed or penalty imposed by regulators on us may adversely affect our business and results of operations.

**34. *Activities involving our manufacturing process can be dangerous and can cause injury to people or property in certain circumstances. A significant disruption at any of our manufacturing facilities may adversely affect our production schedules, costs, revenue and ability to meet customer demand.***

Our business involves manufacturing processes that can be potentially dangerous to our employees. An accident may result in loss of life, destruction of property or equipment, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities.

While we believe we may maintain adequate insurance, interruptions in production as a result of an accident may also increase our costs and reduce our revenue, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we or our senior management may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations and prospects. Any negative publicity associated therewith, may have a negative effect on our business, financial condition, results of operations and prospects.

**35. *We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.***

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

**36. *Breakdown of machinery and/or equipment used for the purpose of manufacturing process***

Any breakdown or defect in the machinery and/or the equipment used for the purpose of our manufacturing process may delay the production process as a whole and result in missing deadlines in delivery of product if we are able to repair the machines or replace it within relevant timelines. Any such delays may have an adverse affect on the business of the Company.



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

Our Company uses third party transportation providers for delivery of our raw materials and finished products. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. These transportation facilities may not be adequate to support our existing and future operations. In addition to raw materials/ finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lockouts, inadequacies in the road infrastructure and port facilities, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

**38. *We may in the future face potential liabilities from lawsuits or claims by consumers including product liability claims.***

Since we operate in the fabric and textiles manufacturing sector, we may face the risk of potential legal proceedings and claims being brought against us by our customers/wholesaler for any defective fabric sold or any dissatisfaction caused to them. In the event that we are found to be liable for any product liability claim, we could be required to pay substantial monetary damages. The compensation awarded to us by the insurance company may not be adequate to compensate the claimants. Further, even if we successfully defend ourselves against a claim, or successfully claim back compensation from others, we may need to spend a substantial amount of time and money in defending such a claim and in seeking compensation, and our reputation could suffer.

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

The key success factor in the textiles business is in creating appealing designs and colour combinations to create buyer appeal. In order to be in line with this success factor, we maintain a team of designers who design and develop the products as per customer's needs. This team works on the development of designs by analyzing the needs of clients by parameters like latest yarn combinations, and most importantly the feedback gained from the sales of the similar products that were designed earlier. Our inability to tap the changing fashion can lead to rejection of our textiles thus damaging goodwill, business operations and financial conditions. Any failure to update ourselves or understand the trends in different regions of the world may result in reduction of our export sales, adversely affecting our financial condition.

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

The market for our products is competitive on account of both the organized and unorganized players. Players in this industry generally compete with each other on key attributes such as quality of products, distribution network, pricing and timely delivery. Some of our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster in changing market scenario and remain competitive. Moreover, the unorganized sector offers their products at highly competitive prices which may not be matched by us and consequently affect our volume of sales and growth prospects. Growing competition may result in a decline in our market share and may affect our margins which may adversely affect our business operations and our financial condition.

**41. *Our Company has not entered into any binding agreements with dealers for distributing its products in the market.***

Although, our Company believes that it maintains good relations with the existing brokers, there can be no assurance that the dealers would not fail to fulfill their obligations. In such an event, our Company may be unable to enforce such obligations or succeed in a claim against them for damages. This may have a material adverse effect on our business and financial condition as our Company may not be able to find replacements on time. Inherent ingredients of our business are trust, understanding and relationships with our associates including customers and vendors.

**42. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. Modernization and technology up gradation is essential to reduce costs and increase the output.***

Our manufacturing technology may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. Although we believe that we have installed upgraded technology in form of high speed rapier sulzer looms suitable for fabrics manufacturing and that the chances of a technological innovation are not very high in our sector we shall continue to strive to keep our technology updated. In case of a new found technology in the fabric manufacturing business, we may be required to implement new technology employed by us. Further, the cost in upgrading our technology is significant which could substantially affect our finances and operations. For further details, please refer to section titled "Our Business" beginning on page 90 of this Draft Prospectus.

**43. *We have not entered into any technical support service for the maintenance and smooth functioning of our equipment's and machineries, which may affect our performance.***

Our manufacturing processes involve daily use of technical equipment's and machineries. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Our company has not entered into any technical support service agreements with any competent third party. Our failure to reduce the downtime in case such events occur may adversely affect our productivity, business and results of operations.

## **EXTERNAL RISKS**

**44. *The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have effected significant changes to the existing Indian company law/ listing framework, which may subject us to higher compliance requirements and increase our compliance costs.***

A majority of the provisions and rules under the Companies Act, 2013 have come into effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offering documents, corporate governance norms, accounting policies and 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 futures trading. Further, the Companies Act, 2013 imposes greater monetary and other liability on us and our directors for any non-compliance.

To ensure compliance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the 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. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to be notified. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

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

Our performance is dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India. India economic growth is affected by various factors including domestic consumption and savings, balance of trade movements primarily resulting from export demand and movements in key imports, such as oil and oil products, and annual rainfall, which affect agricultural production. For example, in the monsoon of 2009, Several parts of the country experienced below average rainfall, leading to reduced farm output which impaired economic growth. In the past, economic slowdowns have harmed industries and industrial development in the country. Any future slowdown in the Indian economy could harm our business, financial condition and results of operations.

**46. *The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.***

India's physical infrastructure is less developed than that of many developed countries. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. 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 an adverse effect on our results of operations and financial condition.

If the rate of Indian price inflation increases, our results of operations and financial condition may be adversely affected. In recent years, India's wholesale price inflation index has indicated an increasing inflation trend compared to prior periods. An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials or any other expenses. In particular, the prices of raw materials required for manufacturing of our products are subject to increase due to a variety of factors beyond our control, including global commodities prices and economic conditions. If this trend continues, we may be unable to reduce our costs or pass our increased costs on to our customers and our results of operations and financial condition may be materially and adversely affected.

**47. *Global economic downturn and adverse market conditions could cause our business to suffer. A slowdown in economic growth in India could cause our business to suffer***

The developed economies of the world viz. U.S., Europe, Japan and others are in midst of a downturn affecting their economic condition and markets general business and consumer sentiment has been adversely affected due to the global slowdown and there can be no assurance whether the developed economies or the emerging market economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets. Our performance and growth is directly related to the performance of the Indian economy. The performance of the Indian economy is dependent among other things on the interest rate, political and regulatory actions, liberalization policies, commodity and energy prices etc. A change in any of the factors would affect the growth prospects of the Indian economy, which may in turn adversely impact our results of operations, and consequently the price of our Equity Shares.

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

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

**49. *Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect the financial markets and our business.***

Some parts of India have experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. The Asian region has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Since May 1999, military confrontations between countries have occurred in Kashmir. The hostilities between India and its neighbouring countries are particularly threatening because India and certain of its neighbours possess nuclear weapons. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Afghanistan. There has also recently been hostility in the Korean Peninsula. In July 2006 and November 2008, terrorist attacks in Mumbai resulted in numerous casualties. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

**50. *The occurrence of natural disasters may adversely affect our business, financial condition and results of operations.***

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires and pandemic disease may adversely affect our financial condition or results of operations. The potential impact of a natural disaster on our



results of operations and financial position is speculative, and would depend on numerous factor. The extent and severity of these natural disasters determines their effect on the Indian economy. Although the long term effect of diseases such as the H5N1 “avian flu” virus, or H1N1, the swine flu virus, cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. An outbreak of a communicable disease in India would adversely affect our business and financial conditions and results of operations. We cannot assure you that such events will not occur in the future or that our business, financial condition and results of operations will not be adversely affected.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

- The GoI has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure which is proposed to be effective from April 1, 2016. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.
- Further, the General Anti Avoidance Rules ("**GAAR**") are proposed to be made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

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

**Prominent Notes to Risk Factors**

1. Offer for Sale of 48,00,000 equity shares of face value ₹10each of Laxmi Cotspin Limited for cash at a price of ₹[●] per Equity Share (the "**Offer Price**"), including a share premium of ₹[●] per equity share aggregating up to ₹[●] Lakhs.
2. The Net Asset Value per Equity Share of our Company as per the Restated Financial Information as of March 31, 2016 is ₹ 23.99 per share. For further details, please refer to section titled "Financial Statements" beginning on page 126 of this Draft Prospectus.
3. The Net Worth of our Company as per the Restated Financial Information as of March 31, 2016 is ₹ 4112.94 lakhs. For further details, please refer to the section titled "Financial Statements" beginning on page 126 of this Draft Prospectus.
4. The average cost of acquisition per Equity Share of our Promoters is set out below:

Name of the Promoters	No. of Equity Share held	Average price per Equity Share (₹)
Mr. Sanjay Rathi	84,375	17.84
Mr. Shivratn Mundada	46,197	17.78



<b>Name of the Promoters</b>	<b>No. of Equity Share held</b>	<b>Average price per Equity Share (₹)</b>
Mr. Bhavesh Patel	3,33,188	6.55
Mr. Rajesh Bansal	9,13,125	11.75
Ashva Multi Trade Private Limited	20,65,930	5.45

For further details, please refer to section titled "Capital Structure" beginning on page 45 of this Draft Prospectus.

5. There has been no change of name of our Company at any time during the last three (3) years immediately preceding the date of filing Draft Prospectus.
6. There has been no financing arrangement whereby our Directors, or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in the ordinary course of the business of the financing entity during the six (6) months preceding the date of this Draft Prospectus.
7. For details regarding the related party transactions and business interest, please refer to section titled "Financial Information - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus.
8. Our Group entity namely Gayatri Ginning and Pressing Private Limited is engaged in almost similar line of activity or business as that of our Company. There may be potential conflict of interest in addressing business opportunities and strategies in circumstances where the interest of our Company may be similar to that of the aforementioned group entity.
9. 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 - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus.
10. Except as stated under the section section titled "Capital Structure" beginning on page 45 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
11. For information on changes in the Company's name and Objects Clause of the Memorandum of Association of our Company, please refer to the section titled "History and Certain Corporate Matters" beginning on page 104 of this Draft Prospectus.
12. Except as disclosed in the sections titled "Capital Structure", "Our Promoters and Promoter Group", "Group Entities of our Company" and "Our Management" beginning on pages 45, 115, 121 and 108 respectively of this Draft Prospectus, none of our Promoters, Directors or Key Managerial Personnel has any interest in our Company.



## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

#### Introduction

#### Global Economic Overview

Since the Economic Survey and Budget were presented a year ago, the Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. Inflation, the fiscal deficit, and the current account deficit have all declined, rendering India a relative haven of macro stability in these turbulent times. Economic growth appears to be recovering, albeit at varying speeds across sectors.

At the same time, the upcoming Budget and 2016-17 (FY2017) economic policy more broadly, will have to contend with an unusually challenging and weak external environment. Although the major international institutions are yet again predicting that global growth will increase from its current subdued level, they assess that risks remain tilted to the downside. This uncertain and fragile outlook will complicate the task of economic management for India.

The risks merit serious attention not least because major financial crises seem to be occurring more frequently. The Latin American debt crisis of 1982, the Asian Financial crisis of the late 1990s, and the Eastern European crisis of 2008 suggested that crises might be occurring once a decade. But then the rapid succession of crises, starting with Global Financial Crisis of 2008 and proceeding to the prolonged European crisis, the mini-crises of 2013, and the China provoked turbulence in 2015 all hinted that the intervals between events are becoming shorter.

This hypothesis could be validated in the immediate future, since identifiable vulnerabilities exist in at least three large emerging economies—China, Brazil, Saudi Arabia—at a time when underlying growth and productivity developments in the advanced economies are soft. More flexible exchange rates, however, could moderate full-blown eruptions into less disruptive but more prolonged volatility.

One tail risk scenario that India must plan for is a major currency re-adjustment in Asia in the wake of a similar adjustment in China; as such an event would spread deflation around the world. Another tail risk scenario could unfold as a consequence of policy actions—say, capital controls taken to respond to curb outflows from large emerging market countries, which would further moderate the growth impulses emanating from them.

In either case, foreign demand is likely to be weak, forcing India—in the short run—to find and activate domestic sources of demand to prevent the growth momentum from weakening. At the very least, a tail risk event would require Indian monetary and fiscal policy not to add to the deflationary impulses from abroad. The consolation would be that weaker oil and commodity prices would help keep inflation and the twin deficits in check. (*Source: Economic Survey 2015-16 Volume-I; www.indianbudget.nic.in*)

#### Indian Economy Overview

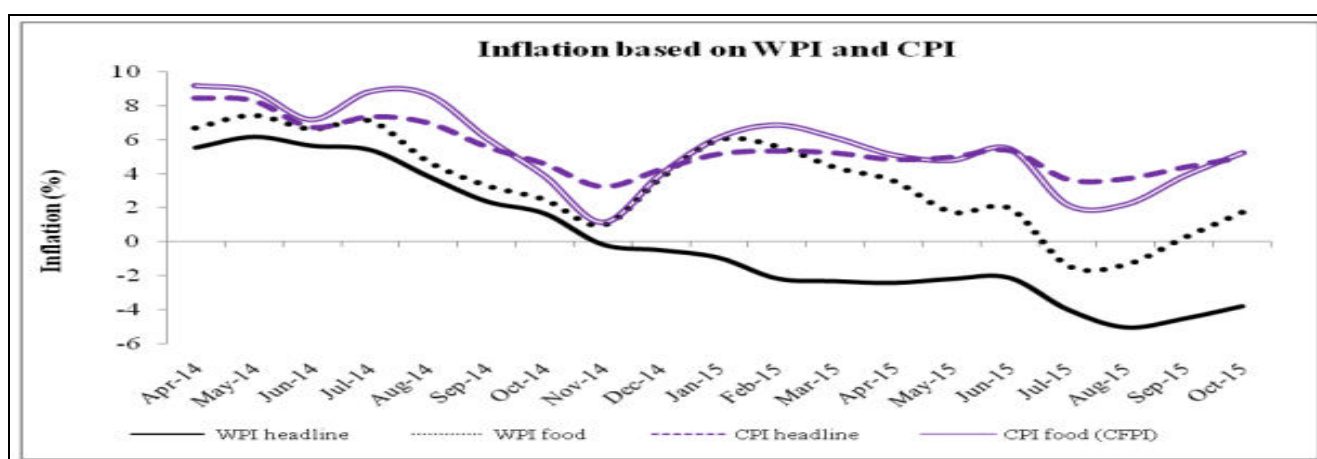
As per the Advance Estimates released by the Central Statistics Office (CSO), the growth rate of the gross domestic product (GDP) at constant market prices has been estimated at 7.6 per cent in 2015-16, which is higher than the growth of 7.2 percent growth recorded in the previous year. The growth of the gross value added (GVA) at constant basic prices has been estimated at 7.3 per cent in 2015-16—as opposed to 7.1 per cent in 2014-15—, with agriculture and allied sectors, industrial sector and services sector growing at 1.1 per cent, 7.3 per cent and 9.2 per cent respectively. The growth of GDP at constant basic prices for the first, second and third quarters of 2015-16 has been estimated at 7.6 per cent, 7.7 per cent and 7.3 per cent respectively.

On the demand side, the growth in final consumption expenditure at constant (2011-12) prices is estimated to have remained strong at 6.9 per cent in 2015-16, as compared to 7.2 per cent in 2014-15. The growth in gross fixed capital formation at constant prices increased from 4.9 per cent in 2014-15 to 5.3 per cent in 2015-16. Exports and imports of goods and non-factor services declined (at constant prices) by 6.3 per cent each in 2015-16; the former mainly on account of the sluggishness in the global economy and the latter on account of decline in international petroleum and other commodity prices (*Source - <http://finmin.nic.in/reports/AnnualReport2015-16.pdf>*)

- As per the quarterly estimates of Gross Domestic Product (GDP) released by the Central Statistics Office (CSO) on 30th November 2015, the growth rate of GDP at constant (2011-12) market prices for the second quarter (Q2) (July-

September) of 2015-16 is estimated at 7.4 per cent as compared to the growth of 7.0 per cent in Q1 of 2015-16, and 7.5 per cent in Q4 of 2014-15. Growth in the first half (H1) of 2015-16 works out to 7.2 per cent.

- The growth of Gross Value Added (GVA) at constant (2011-12) basic prices for agriculture & allied sectors, industry sector and services sector are estimated at 2.2 per cent, 6.8 per cent and 8.8 per cent respectively in Q2 of 2015-16 as compared to the corresponding rates of 2.1 per cent, 7.6 per cent and 10.4 per cent respectively in Q2 of 2014-15.
- Stocks of food grains (rice and wheat) held by FCI as on September 1, 2015 were 50.8 million tonnes, compared to 57.3 million tonnes as on September 1, 2014.
- Overall growth in the Index of Industrial Production (IIP) was 3.6 per cent in September 2015 as compared to 2.6 per cent in September 2014. On a cumulative basis, for the period April-September 2015-16, the IIP growth was 4.0 per cent as compared to the growth of 2.9 per cent during the same period of the previous year. Manufacturing sector grew by 2.6 per cent in September 2015 and 4.2 per cent in April-September 2015.
- Eight core infrastructure industries grew by 3.2 per cent in September 2015 as compared to growth of 2.6 per cent in September 2014. The cumulative growth of core industries during April-September 2015-16 is 2.3 per cent as compared to growth of 5.1 per cent during April-September 2014-15.
- The growth of money Supply (YoY) in October 2015 was 11.0 per cent, lower than 11.7 per cent recorded in the corresponding period a year ago.
- Merchandise exports and imports declined by 17.5 per cent and 21.2 per cent (in US\$ terms) in October 2015 over October 2014. During April-October 2015, merchandise exports and imports declined by 17.6 per cent and 15.2 per cent respectively.
- Foreign exchange reserves stood at US\$ 353.6 billion in 30th October 2015 as compared to US\$ 350.3 billion in end-September 2015 and US\$ 341.6 billion in end-March 2015.
- The rupee appreciated against the US dollar, Pound sterling, Japanese yen and Euro by 1.8 per cent, 1.9 per cent, 1.8 per cent and 1.8 per cent respectively in October 2015 over the previous month of September 2015.
  - The WPI inflation for all commodities reached to (-) 3.8 per cent in October 2015 from (-) 4.5 per cent in September 2015. The all India CPI inflation (New Series- Combined) increased to 5.0 per cent in October 2015 from 4.4 per cent in September 2015. The WPI inflation during April-October 2015 averaged (-) 3.5 per cent while inflation as per CPI (Combined) averaged 4.6 per cent during the period.
  - Gross tax revenue during April-September 2015-16 was ₹ 5,96,884 crore, recorded growth of 21.7 per cent over April-September 2014-15.



(Source: [http://finmin.nic.in/stats\\_data/monthly\\_economic\\_report/2015/indoct15.pdf](http://finmin.nic.in/stats_data/monthly_economic_report/2015/indoct15.pdf))

### The Indian Economy

With 1.2 billion people and the world's fourth-largest economy, India's recent growth and development has been one of the most significant achievements of our times. Over the six and half decades since independence, the country has brought about a landmark agricultural revolution that has transformed the nation from chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. Life expectancy has more than doubled, literacy rates have quadrupled, health conditions have improved, and a sizeable middle class has emerged. India is now home to globally



recognized companies in pharmaceuticals and steel and information and space technologies, and a growing voice on the international stage that is more in keeping with its enormous size and potential.

Historic changes are unfolding, unleashing a host of new opportunities to forge a 21<sup>st</sup>-century nation. India will soon have the largest and youngest workforce the world has ever seen. At the same time, the country is in the midst of a massive wave of urbanization as some 10 million people move to towns and cities each year in search of jobs and opportunity. It is the largest rural-urban migration of this century.

The historic changes unfolding have placed the country at a unique juncture. How India develops its significant human potential and lays down new models for the growth of its burgeoning towns and cities will largely determine the shape of the future for the country and its people in the years to come.

Massive investments will be needed to create the jobs, housing, and infrastructure to meet soaring aspirations and make towns and cities more livable and green. Generating growth that lifts all boats will be key, for more than 400 million of India's people—or one-third of the world's poor—still live in poverty. And, many of those who have recently escaped poverty (53 million people between 2005-10 alone) are still highly vulnerable to falling back into it. In fact, due to population growth, the absolute number of poor people in some of India's poorest states actually increased during the last decade.

Inequity in all dimensions, including region, caste and gender, will need to be addressed. Poverty rates in India's poorest states are three to four times higher than those in the more advanced states. While India's average annual per capita income was \$1,410 in 2011—placing it among the poorest of the world's middle-income countries—it was just \$436 in Uttar Pradesh (which has more people than Brazil) and only \$294 in Bihar, one of India's poorest states. Disadvantaged groups will need to be brought into the mainstream to reap the benefits of economic growth, and women—who “hold up half the sky”—empowered to take their rightful place in the socioeconomic fabric of the country.

Fostering greater levels of education and skills will be critical to promote prosperity in a rapidly globalizing world. However, while primary education has largely been universalized, learning outcomes remain low. Less than 10 percent of the working-age population has completed a secondary education, and too many secondary graduates do not have the knowledge and skills to compete in today's changing job market.

Improving health care will be equally important. Although India's health indicators have improved, maternal and child mortality rates remain very low and, in some states, are comparable to those in the world's poorest countries. Of particular concern is the nutrition of India's children whose well-being will determine the extent of India's much-awaited demographic dividend; at present, an overwhelming 40 percent (217 million) of the world's malnourished children are in India.

The country's infrastructure needs are massive. One in three rural people lack access to an all-weather road, and only one in five national highways is four-lane. Ports and airports have inadequate capacity, and trains move very slowly. An estimated 300 million people are not connected to the national electrical grid, and those who are face frequent disruptions. And, the manufacturing sector—vital for job creation—remains small and underdeveloped.

Nonetheless, a number of India's states are pioneering bold new initiatives to tackle many of India's long-standing challenges and are making great strides towards inclusive growth. Their successes are leading the way forward for the rest of the country, indicating what can be achieved if the poorer states were to learn from their more prosperous counterparts.

India now has that rare window of opportunity to improve the quality of life for its 1.2 billion citizens and lay the foundations for a truly prosperous future—a future that will impact the country and its people for generations to come.

(Source: <http://www.worldbank.org/en/country/india/overview#1>)

For further details, please refer to section titled "Industry Overview" beginning on page 85 of this Draft Prospectus.

## SUMMARY OF OUR BUSINESS

### Business Overview

We are engaged in the business of cotton processing in textile industry with our production facilities located in cotton growing areas of Marathwada and Vidarbha region at Samangaon which is situated in the Jalna district of State of Maharashtra. We are manufacturer of yarn and we have an existing open end and ring spinning unit to cater to the yarn markets in Maharashtra and Gujarat. Our business is spread among home textiles, weaving sector, Denim Manufactures and hosiery manufacturers through open end yarn and ring spun yarn. We believe that we are manufacturing premium quality 100% cotton combed and carded hosiery/ warp conventional, organic and BCI yarn in count range of 30s Ne to 40s Ne for the purpose of exporting to Asian and European countries.

We were established in year 2006 with a capacity of 13200 spindles with combers in the first phase. Over the years we have expanded upto 16800 spindels with compact, lycra and slub attachment. Addition to this we have set up one open end unit with 1200 Rotors. We believe that we have established a strong customer base and good marketing setup. We have also started our own "Organic Cotton Farming Project and Better Cotton (BCI) Project" in Jalna District, with 4,750 farmers in 13,200 acre of cultivation land and yield capacity of initially 55,000 quintals Kapas (11,000 BCI certified own ginned cotton bales) further expanded upto 40,000 bales per crop seasons in near future.

Our plant is equipped with fully automatic, dust and pollution ,modern colour contamination removal and yarn conditioning systems. Our Company is approved as Mega Project under IPS Scheme 2007 of Maharashtra State Government and is enjoying the same for 8 years. And further for 4 years we will get sanction of Mega project status. Our technical team in spinning is well equipped with modern spinning technology and processing techniques by virtue of which we are able to ensure quality yarn. Operators are committed and they are trained in European training methods for efficient and quality work.

Our Company's operations are supported by modern testing instruments installed in its quality assurance laboratory, includes UT- 5 (Uster Switzerland), HVI, Single Yarn Tester, Aqura Process Control Management (Premium India). Beside of these basic instruments from Stutex, Online Contamination Removal System SIRO facility at Autowinder maintain the contamination free world class premium quality cotton, yarns and garments.

For the year ended March 31, 2016, our Companys' Total revenue and restated Profit after Tax were ₹11,356.63 Lakhs and ₹322.24 Lakhs, respectively. For the year ended March 31, 2015, our Companys' Total Revenue and Restated Loss after Tax was ₹10,676.88 Lakhs and ₹225.77 Lakhs respectively.

As of August 25, 2016, the total value of our order book is about Rs. 268 Lacs.

### Our Competitive Strengths

The following are the key strengths which our Company believes enable it to be competitive in its business:

#### 1. *Established marketing set-up*

We are engaged in the processing of textiles since incorporation. Over the years we believe that we have established a strong customer base and good marketing setup. Further, our group has sufficient marketing expertise and wide marketing network, which is and would be channeled for our business and future expansion, if any. We have dedicated divisions for marketing different types of products and for different geographical locations. The sales division and export division are responsible for marketing of our products and fabrics. All the divisions have well trained and adequate teams to handle daily activities and are supervised regularly.

#### 2. *Locational advantage of our manufacturing unit*

Our factory is located in the cotton growing areas of Marathwada and Vidarbha region at Samangaon, 12 km away from Jalna. About seventyfive (75%) of the State of Maharashtra's raw cotton production i.e. 50 lakh bales area production is in this zone out of which Jalna district accounts to approx. 5-6 lakh bales. Thus, procurement of these raw materials is less time consuming and comparatively cheaper due to savings on freight. Jalna is connected to various railway station and roads throughout India. Also, ICD Maliwada, Aurangabad is the nearest depot through



which export containers are loaded and is directly linked to JNPT and Navasheva ports at Mumbai, which are only 400 km from Jalna. The Central government has recently approved the first dry port of India near Jalna, this will be very much helpful for building up the business activity through overseas market.

### **3. Scalable business model**

Our business model is order driven, and comprises of optimum utilization of our resources processing facilities, maximum capacity utilization, developing linkages with quality raw material suppliers and achieving consequent economies of scale. We believe that this business model has proved successful and scalable for us in the last few financial years. We have been successful in scaling up our business mainly due to the development of new markets, by adopting aggressive marketing of the product, innovation in the product range and by maintaining consistent quality of our products.

### **4. Management expertise**

Our management have adequate and rich experience in the textile business for more than a decade. Our Company is managed by a team of experienced personnel. The team comprises of personnel having operational and business development experience. We believe that our management team's experience and their understanding of the textile industry will enable us to continue to take advantage of both current and future market opportunities. Our Management's experience and knowledge enables us in addressing and mitigating various risks inherent in our business, including competition, reliance on independent contractors, the global economic crisis related effects and fluctuations in the prices.

## **Our Strategies**

The following are the key strategies of our Company for its business:

### **1. Operational excellence**

We continue to invest in operational excellence throughout the organization. We are addressing operational efficiency through continuous process improvement, customer service and technology development. Alignment of our people to 'process improvement' through change management and upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is widespread among all the employees.

### **2. Geographical expansion**

We cater to a large number of clients throughout the country. Our clients are scattered throughout the country. Our Exports are majorly concentrated in Pakistan, Bangladesh, China, Egypt, Tanzania etc. We intend to supply to other countries and also intend to enter other regions of the world over the course of time.

### **3. Good Environmental Practice**

Good environmental practice has always been a prime consideration in our development, leading us to seek practical solutions to avoid the production of waste. Our business activity inevitably has an impact on the environment. We seek to minimize this impact as far as possible by operating a policy of sustainable development and constantly researching new ways to reduce pollution, wastage and the amount of resources used, while recycling as much as we can.

For further details, please refer to section titled "Our Business" beginning on page 90 of this Draft Prospectus.



### SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the Restated Financial Statements as at and for the period ended March 31, 2016, 2015, 2014, 2013 and 2012 and are presented under section titled "Financial Statements" beginning on page 126 of this Draft Prospectus. The summary financial statements presented below should be read in conjunction with the Restated Financial Statements, the notes and annexures thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 165 of this Draft Prospectus.

#### ANNEXURE-I

#### RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Lakhs)

Particulars	Annexure	As at				
		31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
<b>I. EQUITY AND LIABILITIES</b>						
<b>Shareholder's Funds</b>	A					
Share Capital		1,714.77	1,714.77	1,714.77	1,714.77	1,714.77
Reserves and Surplus (excluding Revaluation Reserves, if any)		2,398.17	2,086.71	1,960.59	1,465.81	1,110.30
<b>Share Application Money Pending Allotment</b>		0.00	0.00	0.00	0.00	0.00
<b>Non Current Liabilities</b>						
Long-term Borrowings	B & B(A)	801.45	1,378.94	1,131.52	1,392.72	1,174.23
Deferred Tax Liabilities (Net)	C	52.92	128.50	122.07	123.84	73.79
Long-term Provisions	D	18.59	14.06	12.56	10.38	8.81
<b>Current Liabilities</b>						
Short-term Borrowings		1,639.28	2,236.87	1,815.52	1,537.37	2,023.05
Trade Payables	E	239.69	301.15	750.57	346.40	928.28
Other Current Liabilities		533.90	570.56	507.21	484.55	476.65
Short-term Provisions	F	159.69	169.65	193.29	68.48	17.22
<b>Total</b>		<b>7,558.46</b>	<b>8,601.20</b>	<b>8,208.09</b>	<b>7,144.32</b>	<b>7,527.09</b>
<b>II. Assets</b>						
<b>Non Current Assets</b>						
Fixed assets	G					
(i) Tangible Assets		2,871.46	3,447.16	3,189.16	3,364.27	3,088.71
(ii) Intangible Assets		0.00	0.00	0.00	0.00	0.00
(iii) Capital Work-In-Progress		140.71	0.00	127.95	145.81	129.82
(iv) Intangible Assets Under Development		0.00	0.00	0.00	0.00	0.00
Non Current Investments	H	0.00	0.60	0.60	10.60	10.60
<b>Current assets</b>						
Inventories	I	1,671.56	2,120.98	1,734.27	931.35	1,625.84
Trade Receivables	J	2,080.44	1,747.69	2,213.52	1,282.28	1,430.78
Cash and Cash Equivalents	K	249.72	513.93	211.12	150.33	143.11
Short-term Loans and Advances	L	213.67	201.59	121.35	678.18	464.64
Other Current Assets	M	330.90	569.25	610.13	580.90	633.60
<b>Total</b>		<b>7,558.46</b>	<b>8,601.20</b>	<b>8,208.09</b>	<b>7,144.32</b>	<b>7,527.09</b>
<b>Note:</b> The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, II and III.						



**ANNEXURE-II****RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS****(Rs. In Lakhs)**

Particulars	Annexure	For the Year ended				
		31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
Revenue from Operations	O	11,321.52	10,472.84	11,451.77	10,156.62	8,247.02
Less: Excise Duty		0.00	0.00	0.00	0.00	0.00
Revenue from Operations		11,321.52	10,472.84	11,451.77	10,156.62	8,247.02
Other income	N	35.11	204.05	60.76	87.20	324.45
<b>Total Revenue- A</b>		<b>11,356.63</b>	<b>10,676.88</b>	<b>11,512.52</b>	<b>10,237.81</b>	<b>8,571.47</b>
<b>Expenses:</b>						
Cost of Material Consumed		8,303.90	7,714.56	8,777.72	7,540.31	6349.43
Purchases of Traded Goods		0.00	0.00	0.00	0.00	0.00
Changes in inventories of finished goods, WIP and Stock-in-Trade		104.59	4.64	(20.62)	(25.02)	97.13
Employee benefits expense		390.97	360.01	308.29	347.17	152.18
Finance costs		286.60	433.58	401.57	416.90	475.57
Depreciation and amortization expense		690.29	618.73	473.01	428.65	401.79
Other expenses		1,297.01	1,247.82	1,102.42	1,186.50	1,013.60
<b>Total Expenses- B</b>		<b>11,073.35</b>	<b>10,379.34</b>	<b>11,042.40</b>	<b>9,894.51</b>	<b>8,489.70</b>
<b>Profit before exceptional and extraordinary items and tax- C (A-B)</b>		<b>283.28</b>	<b>297.55</b>	<b>470.13</b>	<b>343.30</b>	<b>81.77</b>
Exceptional/Prior Period item		0.00	0.00	0.00	0.00	1.96
<b>Profit before extraordinary items and tax</b>		<b>283.28</b>	<b>297.55</b>	<b>470.13</b>	<b>343.30</b>	<b>79.81</b>
Extraordinary item		2.84	0.00	0.00	0.00	0.00
<b>Profit Before Tax</b>		<b>286.12</b>	<b>297.55</b>	<b>470.13</b>	<b>343.30</b>	<b>79.81</b>
<b>Provision for Tax</b>						
- Current Tax		56.50	70.00	92.99	68.48	15.36
- Deferred Tax Liability / (Asset)		(75.58)	6.43	(1.77)	50.55	20.21
- Tax adjustment of prior years		(17.04)	(4.65)	0.00	0.00	0.00
<b>Restated profit after tax from continuing operations</b>		<b>322.24</b>	<b>225.77</b>	<b>378.91</b>	<b>224.78</b>	<b>44.24</b>
<b>Profit/ (Loss) from Discontinuing operation</b>		0.00	0.00	0.00	0.00	0.00
<b>Restated profit for the year</b>		<b>322.24</b>	<b>225.77</b>	<b>378.91</b>	<b>224.78</b>	<b>44.24</b>
<b>Note:</b> The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I and III.						

**ANNEXURE-III****RESTATED SUMMARY CASHFLOW STATEMENT**

(Rs. in Lakhs)

Particulars	For the Year ended				
	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before tax	286.12	297.55	470.13	343.30	79.81
<b>Adjustment for :</b>					
Profit/(Loss) on sale of fixed assets	2.84	0.00	0.00	0.00	1.96
Profit/(Loss) on sale of Investments	0.12	0.00	0.00	0.00	0.00
Preliminary Expenses Write off	0.00	0.00	0.00	0.00	5.97
Depreciation	690.29	618.73	473.01	428.65	395.82
Interest & Finance Charges	277.22	385.07	333.79	318.20	343.78
Operating profit before working capital changes	1,256.58	1,301.35	1,276.93	1,090.15	827.34
<b>Adjustment for :</b>					
(Increase)/Decrease in trade receivables	(332.75)	465.83	(931.24)	148.49	(426.43)
(Increase)/Decrease in inventories	449.43	(386.71)	(802.32)	693.89	949.62
(Increase)/Decrease in Short Term loans and advances	325.34	42.10	724.03	(279.61)	(95.20)
Increase/(Decrease) in trade payables	(61.46)	(449.42)	404.16	(581.87)	423.64
Increase/(Decrease) in other current liabilities	(36.66)	13.28	22.66	6.04	22.53
Increase/(Decrease) in other long term liabilities	4.54	1.50	2.18	1.58	0.26
	<b>348.44</b>	<b>(313.43)</b>	<b>(580.53)</b>	<b>(11.50)</b>	<b>874.43</b>
<b>Cash generated from / (used in) operations</b>	<b>1,605.01</b>	<b>987.91</b>	<b>696.40</b>	<b>1,078.65</b>	<b>1,701.76</b>
Income Tax paid	(55.58)	(103.23)	(48.73)	(47.86)	(26.14)
<b>Net cash generated from/(used in) operating activities - (A)</b>	<b>1,549.43</b>	<b>884.68</b>	<b>647.67</b>	<b>1,030.80</b>	<b>1,675.63</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of tangible fixed assets	(152.09)	(775.27)	(297.90)	(704.22)	(274.49)
Purchase/Sale of long-term investments	0.72	0.00	10.00	0.00	0.92
Sale of tangible fixed assets	35.04	10.00	0.00	0.00	50.79
Interest on Bank FD	0.00	0.00	44.41	73.35	104.03
<b>Net cash (used in) Investing Activities - (B)</b>	<b>(257.04)</b>	<b>(765.27)</b>	<b>(225.63)</b>	<b>(364.85)</b>	<b>(151.73)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Repayment of Long Term borrowings	(577.48)	247.42	(261.20)	218.49	(340.71)
<b>Net Increase/(decrease) in working capital borrowings</b>	<b>(597.59)</b>	<b>421.35</b>	<b>278.15</b>	<b>(485.68)</b>	<b>(934.72)</b>
Interest paid	(277.22)	(385.07)	(378.19)	(391.54)	(447.81)
<b>Net cash(used in) / from financing activities - (C)</b>	<b>(1,556.60)</b>	<b>183.39</b>	<b>(361.25)</b>	<b>(658.73)</b>	<b>(1,609.23)</b>
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(264.21)</b>	<b>302.81</b>	<b>60.79</b>	<b>7.22</b>	<b>(85.33)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>513.93</b>	<b>211.12</b>	<b>150.33</b>	<b>143.11</b>	<b>228.44</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>249.72</b>	<b>513.93</b>	<b>211.12</b>	<b>150.33</b>	<b>143.11</b>



<b>Components of cash and cash equivalents:</b>					
<b>Particulars</b>	<b>31-03-2016</b>	<b>31-03-2015</b>	<b>31-03-2014</b>	<b>31-03-2013</b>	<b>31-03-2012</b>
Cash on hand	16.53	4.28	8.30	0.53	10.10
Balances with scheduled banks:					
In current accounts	102.28	104.19	9.55	16.84	6.80
In Bank Deposits	130.91	405.46	193.27	132.96	126.21
<b>Cash and cash equivalents</b>	<b>249.72</b>	<b>513.93</b>	<b>211.12</b>	<b>150.33</b>	<b>143.11</b>
<b>Note:</b> The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities and profits and losses appearing in Annexure IV, I and II.					

## THE OFFER

The following is the summary of the Offer.

<b>A. Offer of Equity Shares <sup>(1)</sup></b>	Upto 48,00,000 Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●]lakhs.
<b>Out of which:</b>	
<b>Market Maker Reservation Portion</b>	Upto 2,40,000 Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●]lakhs.
<b>Net Offer to the Public <sup>(3)</sup></b>	Upto 45,60,000 Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●]lakhs.
<b>Out of which:</b>	
<b>Allocation to Retail Individual Investors for upto ₹2.00 lakhs</b>	22,80,000 Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●]lakhs.
<b>Allocation to other investors for above ₹2.00 lakhs</b>	22,80,000 Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●]lakhs.
<b>Pre and Post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	1,71,47,670 Equity Shares of ₹10 each
Equity Shares outstanding after the Offer	1,71,47,670 Equity Shares of ₹10 each
<b>Objects of the Offer</b>	Please refer to the section titled "Objects of the Offer" beginning on page 66 of this Draft Prospectus.

- (1) *This Offer is being made in terms of Chapter XB of the SEBI (ICDR) Regulations. For further details, please refer to section titled "Offer Information" beginning on page 196 of this Draft Prospectus.*
- (2) *The Offer has been authorized pursuant to the resolution passed by the Board of Directors dated June 20, 2016 and by the shareholders pursuant to the special resolution passed in an Extra Ordinary General Meeting dated July 15, 2016 under Section 28 of the Companies Act, 2013.*

*The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) 24,21,300 Equity Shares as per board resolution dated July 22, 2016 issued by Sensex Tracom Private Limited; (ii) 5,28,650 Equity Shares as per board resolution dated July 20, 2016 issued by Mauli Financial Limited; and (iii) 18,50,050 Equity Shares as per board resolution dated July 22, 2016 issued by Mangalmayees Stock Management Private Limited.*

No	Name of the Selling Shareholders	No. of Equity Shares Offered	(%) of the pre offer capital
1.	Sensex Tracom Private Limited	24,21,300	14.12
2.	Mangalmayees Stock Management Private Limited	18,50,050	10.79
3.	Mauli Financial Services Private Limited	5,28,650	3.08
	<b>Total</b>	<b>48,00,000</b>	<b>27.99</b>

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

*The Selling Shareholders, severally and not jointly, confirm that the Equity Shares being offered by them in the Offer, have been held by them for a period of at least one year prior to the filing of the Draft Prospectus with*



*exchange, and are eligible for being offered for sale in the Offer as required by Regulation 26(6) of the SEBI (ICDR Regulations).*

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





## GENERAL INFORMATION

Our Company was incorporated on October 07, 2005 as Mauli Cotspin Private Limited under the provisions of the Companies Act, 1956 with Certificate of Incorporation issued by the Registrar of Companies Maharashtra Mumbai on October 19, 2005 with Registration Number 156866. Subsequently, the name of our Company was changed from Mauli Cotspin Private Limited to Laxmi Cotspin Private Limited and a Fresh Certificate of Incorporation was issued by the Registrar of Companies Maharashtra Mumbai on October 12, 2007 bearing Corporate Identity Number (CIN) U17120MH2005PTC156866. Further, our Company was converted into a public limited company pursuant to special resolution passed at the Extra Ordinary General Meeting of our Company held on February 07, 2011 and the name of our Company was changed to Laxmi Cotspin Limited and a Fresh Certificate of Incorporation dated March 7, 2011 was issued by the Registrar of Companies Maharashtra Mumbai now bearing CIN U17120MH2005PLC156866. For details of changes in name and registered office of our Company, please refer to the section titled "History and Certain Corporate Matters" beginning on page 104 of this Draft Prospectus.

### Registered Office of our Company

#### **Laxmi Cotspin Limited**

GUT No.399, Samangaon- Kajla Road  
in front of Meenatai Thakare  
Vridhashram, Samangaon  
Jalna 431203, India.

Telephone: +91 2482 257295/257222/ 257444

Facsimile: +91 02482 257200

CIN: U17120MH2005PLC156866

Website: [www.laxmicotspin.com](http://www.laxmicotspin.com)

Email id: [ipo@laxmicotspin.com](mailto:ipo@laxmicotspin.com)

### Registrar of Companies

Our Company is registered at the Registrar of Companies, Mumbai, Maharashtra, 100, Everest, Marine Drive, Mumbai 400002, India.

### Designated Stock Exchange

Emerge Platform of NSE  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai, Maharashtra 400051

For details in relation to the changes to the name of our Company, please refer to section titled "History and Certain Corporate Matters" beginning on page 104 of this Draft Prospectus.

### Board of Directors

Our Company's board comprises of the following Directors:

Name, Nature of Directorship and DIN	Age	Residential Address
<b>Mr. Sanjay Rathi</b> Chairman and Managing Director DIN No: 00182739	50 years	A-60, Gate No. 2, Pritisudha Nagar, Mantha Road, Jalna 431203, India.
<b>Mr. Bhavesh Patel</b> Additional Executive Director DIN No: 00227522	38 years	Swamy, Ajanta Nagar Devalgaonraja Road, Jalna 431203, India.
<b>Mr. Shivratan Mundada</b> Non-Executive and Non Independent Director DIN No: 00349668	52 years	Shrigopal Smruti, Manik Nagar Sambhaji Nagar Jalna 431203, India.
<b>Mr. Rajesh Bansal</b> Non-Executive and Non Independent Director	56 years	Rajesh Vastra Bhandar, Main Road, Mantha, Jalna 431504, India.



Name, Nature of Directorship and DIN	Age	Residential Address
DIN No: 00272612		

For further details of the Board of Directors, please refer to the section titled "Our Management" beginning on page 108 of this Draft Prospectus.

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

**Ms. Pooja Potdar**

**Laxmi Cotspin Limited**

GUT No.399, Samangaon- Kajla Road,

in front of Meenatai Thakare

Vridhashram, Samangaon,

Jalna 431203, India.

Telephone: +91 2482 -257295/257222/ 257444

Facsimile: +91 02482-257200

Email id: [complianceofficerlaxmicotspin@gmail.com](mailto:complianceofficerlaxmicotspin@gmail.com)

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Issue or post- Issue related problems, such as non-receipt of Allotment Advice, credit of Allotted Equity Shares in the respective beneficiary account, or Refund Orders.

#### **Chief Financial Officer of our Company**

Our Company has appointed Mr. Anup Gindodiya, as the Chief Financial Officer (CFO). His contact details are set forth hereunder:

**Mr. Anup Gindodiya**

GUT No.399, Samangaon-Kajla Road

in front of Meenatai Thakare Vridhashram

Samangaon, Jalna 431203 India.

**Telephone:** +91 2482 257295/257222/ 257444

**Facsimile:** +91 02482 257200

**Email id:** [gindodiya.aa@laxmicotspin.com](mailto:gindodiya.aa@laxmicotspin.com)

#### **LEAD MANAGER**

**Hem Securities Limited**

14/15, Khatau Building

40, Bank Street, Fort, Mumbai 400 001, India.

**Telephone:** +91 22 2267 1543 / 44

**Facsimile:** +91 22 2262 5991

**Email:** [ib@hemsecurities.com](mailto:ib@hemsecurities.com)

**Contact Person:** Mr. Anil Bhargava

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

**SEBI registration number:** INM000010981

#### **LEGAL COUNSEL TO THE OFFER**

**Desai & Diwanji**

**Advocates & Solicitors**

Lentin Chambers

Dalal Street, Fort

Mumbai 400 001, India.

**Telephone:** +91 (22) 3984 1000 / 2265 1682

**Facsimile:** +91 22 2265 8245

#### **REGISTRAR TO THE OFFER**

**Link Intime India Private Limited**

Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup (West), Mumbai-400 078

**Telephone:** +91 22 6171 5400 **Facsimile:** +91 22 2596 0329

**Email:** [laxmicotspin.ipo@linkintime.co.in](mailto:laxmicotspin.ipo@linkintime.co.in)

**Investor grievance email:** [laxmicotspin@linkintime.co.in](mailto:laxmicotspin@linkintime.co.in)

**Contact Person:** Ms. Shanti Gopalakrishnan

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

**SEBI Registration Number:** INR000004058

**Peer Review Auditors**

Ankit M Agarwal & Co, Chartered Accountants

#### **STATUTORY AUDITORS**

**CNA & Associates, Chartered Accountants**

C-303/304, Fortius, Space Olympia,

Divisional Sports Ground, Sut Girni Chowk, Garkheda

Parisar, Aurangabad - 431009

**Telephone:** +91 240-2983033

**Email:** [anandpartani@gmail.com](mailto:anandpartani@gmail.com)

**Contact Person:** CA Anand Partani

**Firm Registration No.:** 128929-W

**Membership No.:** 117766

**Banker to the Offer**

[●]



Shop No. 19, Gokul Shopping Centre,  
Opp. Pantaloon, S V Road,  
Borivali West, Mumbai – 400092  
**Telephone:** +91 22-40147426  
**Email:** [agarwal.ankitca@gmail.com](mailto:agarwal.ankitca@gmail.com)  
**Contact Person:** Mr. Ankit Agarwal  
**Firm Registration No.:** 139778W  
**Membership No.:** 162017  
**Peer Review Certificate No.:** 009057

*\*To be appointed later*

*M/s Ankit M Agarwal and Co is appointed as peer review auditors of our Company in compliance with section IX of part A of Schedule VIII of SEBI (ICDR) and holds a valid peer reviewed certificate dated June 30, 2016 issued by the Institute of Chartered Accountants of India.*

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

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

#### **Bankers to our Company**

##### **HDFC Bank Limited**

[●], India.

**Telephone:** [●]

**Facsimile:** [●]

**Email:** [●]

**Contact Person:** [●]

**Website:** [●]

##### **Shamrao Vitthal Co-operative Bank Limited**

Plot No. 27, Bhokardan Road, Dist. Jalna– 431 203, India.

**Telephone:** +91 02482 242011

**Facsimile:** +91 02482 242011

**Email:** [deshpandesr@svcbank.com](mailto:deshpandesr@svcbank.com)

**Contact Person:** Deshpande Sanjay R

#### **Statement of *inter se* allocation of Responsibilities for the Offer**

Hem Securities Limited is the sole Lead Manager to the Offer and all the responsibilities relating to co-ordination and other activities in relation to the Offer shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.

#### **Self Certified Syndicate Banks (SCSBs)**

The list of Designated Branches that have been notified by SEBI to act as SCSB for the ASBA process is provided at [www.sebi.gov.in/pmd/scsb.pdf](http://www.sebi.gov.in/pmd/scsb.pdf). For more information on the Designated Branches collecting ASBA Forms, see the above mentioned SEBI link.

#### **Registered Brokers**

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the NSE Error! Hyperlink reference not valid. [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

#### **Registrar to the Offer and Share Transfer Agents**

The list of the RTAs eligible to accept application 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 <http://www.nseindia.com>, as updated from time to time.



### **Collecting Depository Participants**

The list of the CDPs eligible to accept application forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchange <http://www.nseindia.com>, as updated from time to time.

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

### **Experts**

Except for the Reports in the section "Financial Information" and the "Statement of Tax Benefits" Available to our Company and its shareholders beginning on pages 126 and 70 respectively of this Draft Prospectus, our Company has not obtained any expert opinions under the Companies Act. The term expert as used in the Draft Prospectus is not intended to be considered "expert" within the meaning of Section 11 of the U.S. Securities Act.

### **Brokers to the Offer**

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

### **Credit Rating**

As the Offer is of Equity Shares, credit rating is not required.

### **Trustees**

As the offer is of Equity Shares, the appointment of trustees is not required.

### **Debenture Trustees**

As the offer is of Equity Shares, the appointment of Debenture trustees is not required.

### **IPO Grading**

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

### **Monitoring Agency**

Since this being an offer for sale, our Company will not receive any proceeds from the Offer and is not required to appoint a monitoring agency for the Offer.

### **Appraising Entity**

Since this being an offer for sale, our Company will not receive any proceeds from the Offer and there are no objects of the offer other than as stated under section titled "Objects of the Offer" beginning on page 66 of this Draft Prospectus, no net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution.

### **Withdrawal of the Offer**

Our Company in consultation with the Lead Manager, reserve the right not to proceed with the Offer at any time before the Offer Opening Date without assigning any reason thereof.

If our Company withdraws the Offer anytime after the Offer Opening Date but before the allotment of Equity Shares, a public notice within two (2) Working Days of the Offer Closing Date, providing reasons for not proceeding with the Offer shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-offer advertisements have appeared and the Stock Exchange will also be informed promptly.

The Lead Manager, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. If our Company withdraws the Offer after the Offer Closing Date and subsequently decides to proceed with an Offer of the Equity Shares, our Company will file a fresh Draft Prospectus with the stock exchange where the Equity Shares may be proposed to be listed. Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares issued through the Draft Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

### Underwriting

The Company and the Lead Manager to the Offer hereby confirm that the Offer is 100% Underwritten.

The Offer is 100% underwritten by the Lead Manager - Hem Securities Limited in the capacity of Underwriter to the Offer. Pursuant to the terms of the Underwriting Agreement dated [●] entered into by us with Underwriter - Hem Securities Limited, the obligations of the Underwriter are subject to certain conditions specified therein. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the NSE. The Details of the Underwriting commitments are as under:

(₹ in Lakhs)

Name, Address, Telephone, Fax, and Email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten	% of the total Offer size Underwritten
<b>Hem Securities Limited</b> 203, Jaipur Tower, M.I. Road, Jaipur, Rajasthan Tel: 0141- 4051000; Fax: 0141-5101 757 Web: <a href="http://www.hemsecurities.com">www.hemsecurities.com</a> Email: <a href="mailto:underwriter@hemsecurities.com">underwriter@hemsecurities.com</a> Contact Person: Mr. Anil Bhargava SEBI Regn. No. INM000010981	48,00,000* Equity Shares of ₹10 being offered at ₹[●] each	[●]	100

\*Includes 2,40,000 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in its own account in order to claim compliance with the requirements of Regulation 106 V (4) of the SEBI (ICDR) Regulations.

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

### Details of Market Making Arrangement for the Offer

Our Company has entered into Market Making Agreement dated [●] with the following Market Maker to fulfill the obligations of Market Making for this Offer:

<b>Name</b>	[●]
<b>Address</b>	[●]
<b>Telephone</b>	[●]
<b>Facsimile</b>	[●]
<b>E-mail</b>	[●]
<b>Website</b>	[●]
<b>Contact Person</b>	[●]
<b>SEBI Registration No.</b>	[●]
<b>Market Maker Registration No. (SME Segment of NSE)</b>	[●]

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

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



1. The Market Maker(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 prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of NSE Emerge Platform and SEBI from time to time.
3. 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.
4. The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the EMERGE Platform (in this case currently the minimum trading lot size is [●] equity shares; however the same may be changed by the EMERGE Platform of NSE from time to time).
5. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Issue Size. Any Equity Shares allotted to Market Maker under this Issue over and above 25% of Issue Size 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 reduces to 24% of Issue Size, the Market Maker will resume providing two (2) way quotes.
6. There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, NSE may intimate the same to SEBI after due verification.
7. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
8. There would not be more than five (5) 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.
9. On the first day of the listing, there will be pre 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.
10. 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.
11. The Market Maker(s) shall have the right to terminate said arrangement by giving a three (3) months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s). In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker 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. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five (5) or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on Working Days.
12. **Risk containment measures and monitoring for Market Makers:**

NSE SME Exchange will have all margins, which are applicable on the NSE main board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.

### 13. Price Band and Spreads:

SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹250 Crores, the applicable price bands for the first day shall be:

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

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

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

### 14. Punitive Action in case of default by Market Makers:

NSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

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

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

16. *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

Our Equity Share capital before the Offer and after giving effect to the Offer, as at the date of this Draft Prospectus, is set forth below:

(₹ in Lakhs, except share data)

No.	Particulars	Aggregate Nominal Value (₹)	Aggregate Value at Offer Price (₹)
A.	<b>Authorized Share Capital</b>		
	4,00,00,000 Equity Shares of ₹10 each	40,00,00,000	--
B.	<b>Issued, Subscribed &amp; Paid-up Share Capital prior to the Offer</b>		
	1,71,47,670 Equity Shares of ₹10 each	17,14,76,700	--
C.	<b>Present Offer in terms of the Draft Prospectus</b> <sup>(2)</sup>		
	Offer for Sale (OFS) of 48,00,000 Equity Shares of ₹10 each for cash at a price of ₹[●] per share	480.00	[●]
<b>Which Comprises</b>			
D.	<b>Reservation for Market Maker portion</b>		
	2,40,000 Equity Shares of ₹10 each at a premium of ₹ [●] per Equity Share	24.00	[●]
E.	<b>Net Offer to the Public</b>		
	45,60,000 Equity Shares of ₹10 each at a premium of ₹ [●] per Equity Share	456.00	--
	of which		
	22,80,000 Equity Shares of ₹10 each at a premium of ₹ [●] per Equity Share will be available for allocation for allotment to Retail Individual Investors of up to ₹2.00 lakhs	228.00	[●]
	22,80,000 Equity Shares of ₹10 each at a premium of ₹ [●] per Equity Share will be available for allocation for allotment to Other Investors of above ₹2.00 lakhs	228.00	[●]
F.	<b>Paid up Equity capital after the Offer</b>		
	1,71,47,670 Equity Shares of ₹10 each	1714.77	[●]
G.	<b>Securities Premium Account</b>		
	Before the Offer	555.30	[●]
	After the Offer	[●]	[●]

<sup>(1)</sup> The Offer has been authorized pursuant to the resolution passed by the Board of Directors dated June 20, 2016 and by the shareholders pursuant to the special resolution passed in an Extra Ordinary General Meeting dated July 15, 2016 under Section 28 of the Companies Act, 2013.

<sup>(2)</sup> The Selling Shareholders, severally and not jointly, specifically confirm that the proportion of the Offered Shares by each of the Selling Shareholders by way of an Offer for Sale in the Offer, are eligible for the Offer in accordance with the SEBI (ICDR) Regulations. The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) 24,21,300 Equity Shares as per board resolution dated July 22, 2016 issued by Sensorex Tracom Private Limited; (ii) 5,28,650 Equity Shares as per board resolution dated July 20, 2016 issued by Mauli Financial Limited; and (iii) 18,50,050 Equity Shares as per board resolution dated July 22, 2016 issued by Mangalmayees Stock Management Private Limited.

## Details of changes in Authorized Share Capital of our Company since incorporation

No.	Date of Shareholders approval	EGM/AGM/Postal Ballot	Authorised Share Capital (₹)	Details of change
1.	On Incorporation	--	10,00,000	Incorporated with an Authorised Share Capital of ₹10,00,000 comprising of 1,00,000 Equity Shares of ₹10 each.
2.	February 4, 2006	EGM	6,00,00,000	Increase in Authorised Share Capital from ₹10,00,000 comprising of 1,00,000 Equity Shares of ₹10 each to ₹6,00,00,000 comprising of 60,00,000 Equity Shares of ₹10 each.
3.	February 20, 2010	EGM	15,00,00,000	Increase in Authorised Share Capital from

No.	Date of Shareholders approval	EGM/AGM/Postal Ballot	Authorised Share Capital (₹)	Details of change
				₹6,00,00,000 comprising of 60,00,000 Equity Shares of ₹10 each to ₹15,00,00,000 comprising of 1,50,00,000 Equity Shares of ₹10 each.
4.	March 21, 2010	EGM	20,00,00,000	Increase in Authorised Share Capital from ₹15,00,00,000 comprising of 1,50,00,000 Equity Shares of ₹10 each to ₹20,00,00,000 comprising of 2,00,00,000 Equity Shares of ₹10 each.
5.	February 7, 2011	EGM	40,00,00,000	Increase in Authorised Share Capital from ₹20,00,00,000 comprising of 2,00,00,000 Equity Shares of ₹10 each to ₹40,00,00,000 comprising of 4,00,00,000 Equity Shares of ₹10 each.

**Notes to Capital Structure**
**1. Share capital history of our Company**
**(a) Equity share capital history of our Company**

The following is the history of the equity share capital of our Company:

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of Consideration (Cash/Other than Cash)	Nature of allotment	Cumulative Number of Equity Shares	Cumulative Share Capital (₹)	Cumulative Share Premium (₹)
October 4, 2005	10,000	10.00	10.00	Cash	Subscription to the MoA <sup>(1)</sup>	10,000	100,000	-
March 25, 2007	39,95,000	10.00	20.00	Cash	Further allotment <sup>(2)</sup>	40,05,000	4,00,50,000	3,99,50,000
March 25, 2008	10,00,000	10.00	40.00	Cash	Further allotment <sup>(3)</sup>	50,05,000	5,00,50,000	6,99,50,000
August 20, 2008	3,00,000	10.00	40.00	Cash	Further allotment <sup>(4)</sup>	53,05,000	5,30,50,000	7,89,50,000
March 25, 2009	2,87,500	10.00	40.00	Cash	Further allotment <sup>(5)</sup>	55,92,500	5,59,25,000	8,75,75,000
February 02, 2010	2,25,000	10.00	40.00	Cash	Further allotment <sup>(6)</sup>	58,17,500	5,81,75,000	9,43,25,000
March 22, 2010	4,94,175	10.00	40.00	Cash	Further allotment <sup>(7)</sup>	63,11,675	6,31,16,750	10,91,50,250
March 25, 2010	94,67,515	10.00	N.A.	Cash	Bonus Issue (2:3) <sup>(8)</sup>	1,57,79,190	15,77,91,900	1,44,75,100
June 20, 2011	10,83,454	10.00	40.00	Cash	Preferential allotment <sup>(9)</sup>	1,68,62,644	16,86,26,440	4,69,78,720
March 15, 2012	2,85,026	10.00	40.00	Cash	Preferential allotment <sup>(10)</sup>	1,71,47,670	17,14,76,700	5,55,29,500
<b>Total</b>	<b>1,71,47,670</b>							<b>5,55,29,500</b>

**Notes:**

(1) Allotment on subscription to the Memorandum of Association

No.	Name of the allottee	Number of Equity Shares allotted
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**Laxmi Cotspin Limited**

1.	Mr. Shivratan Mundada	5,000
2.	Mr. Sanjay Rathi	5,000
<b>Total</b>		<b>10,000</b>

(2) Further allotment

No.	Name of the allottee	Number of Equity Shares allotted
1.	Ashva Metaliks Private Limited	19,50,000
2.	Mr. Rameshbhai Patel	6,00,000
3.	Ghyanshaymdas Goyal (HUF)	3,50,000
4.	Mauli Financial Services Private Limited	2,52,500
5.	Ghyanshaymdas Goyal (Goyal Steel)	2,00,000
6.	Mr. Rajesh Bansal	1,60,000
7.	Ms. Ratnidevi Bansal	1,57,500
8.	Mr. Gopal Goyal	1,00,000
9.	Ms. Tarabhen Patel	75,000
10.	Mr. Jasbinder Bansal	50,000
11.	Ms. Anita Bansal	35,000
12.	Mr. Vikas Bansal	32,500
13.	Mr. Vishal Bansal	32,500
<b>Total</b>		<b>39,95,000</b>

(3) Further allotment

No.	Name of the allottee	Number of Equity Shares allotted
1.	Mauli Financial Services Private Limited	5,75,000
2.	Rajgharana Merchant Private Limited	1,60,000
3.	Mr. Rameshbhai Patel	80,000
4.	Gujrat Tea Traders Private Limited	80,000
5.	Mr. Rajesh Bansal	30,000
6.	Ms. Anita Bansal	12,500
7.	Mr. Sanjay Rathi	6,625
8.	Ms. Savita Lohiya	6,250
9.	Ms. Savitribai Rathi	6,250
10.	Mr. Ashish Bhala	6,250
11.	Mr. Dinesh Rathi	6,250
12.	Mr. Dwarkaprasad Soni	6,250
13.	Mr. Jagdish Rathi	6,250
14.	Ms. Kiran Rathi	6,250
15.	Ms. Praphulata Rathi	6,250
16.	Mr. Ramesh Mundada	2,500
17.	Mr. Madhusudan Rathi	2,125
18.	Mr. Ashok Mundada	625
19.	Mr. Ramdayal Mundada	625
<b>Total</b>		<b>10,00,000</b>

(4) Further allotment

No.	Name of the allottee	Number of Equity Shares allotted
1.	Mauli Financial Services Private Limited	1,37,500
2.	Rajgharana Merchant Private Limited	50,625
3.	Asam Tea Company	50,625
4.	Ashva Metaliks Private Limited	36,250
5.	Mr. Rajesh Bansal	25,000
<b>Total</b>		<b>3,00,000</b>

(5) Further allotment





No.	Name of the allottee	Number of Equity Shares allotted
1.	Mauli Financial Services Private Limited	1,80,000
2.	Rajgharana Merchant Private Limited	55,000
3.	Asam Tea Company	25,000
4.	The Gujarat Tea Traders Private Limited	25,000
5.	Mr. Rajesh Bansal	2,500
<b>Total</b>		<b>2,87,500</b>

(6) Further allotment

No.	Name of the allottee	Number of Equity Shares allotted
1.	Ashva Multitrade Private Limited	1,30,000
2.	Assam Tea Company	45,000
3.	Mr. Rajesh Bansal	25,000
4.	Mauli Financial Services Private Limited	25,000
<b>Total</b>		<b>2,25,000</b>

(7) Further allotment

No.	Name of the allottee	Number of Equity Shares allotted
1.	Ashva Multi Trade Private Limited	2,42,500
2.	Rajgharana Merchant Private Limited	80,775
3.	Mauli Financial Services Private Limited	30,000
4.	Mr. Bhavesh Patel	28,275
5.	Mr. Rahul Bansal	20,625
6.	Ms. Anita Bansal	20,000
7.	Mr. Dinesh Rathi	13,000
8.	Mr. Sanjay Rathi	9,625
9.	Mr. Dwarkaprasad Soni	6,250
10.	Mr. Jagdish Rathi	6,250
11.	Mr. Kiran Rathi	6,250
12.	Ms. Prafulla Rathi	6,250
13.	Ms. Savita Lohia	6,250
14.	Ms. Savitribai Rathi	6,250
15.	Mr. Ashish Bhala	6,000
16.	Mr. Rajesh Bansal	3,750
17.	Mr. Madhusudan Rathi	2,125
<b>Total</b>		<b>4,94,175</b>

(8) Bonus Issue (2:3) made out of capitalization of Free Reserve (Securities Premium + Profit and Loss) Account

No.	Name of the allottee	Number of Equity Shares allotted
1.	Ashva Multi Trade Private Limited	35,38,125
2.	Mauli Financial Services Private Limited	18,00,000
3.	Raj Gharana Merchant Private Limited	14,94,600
4.	Mr. Rameshbhai Patel	12,00,938
5.	Mr. Rajesh Bansal	3,69,375
6.	Ms. Ratnidevi Bansal	2,36,250
7.	Mr. Bhaveshbhai Patel	1,99,913
8.	Ms. Taraben Patel	1,12,500
9.	Ms. Anita Bansal	1,01,250
10.	Mr. Jasbindar Bansal	75,000
11.	Mr. Vikas Bansal	48,750
12.	Mr. Vishal Bansal	48,750
13.	Mr. Sanjay Rathi	31,875



No.	Name of the allottee	Number of Equity Shares allotted
14.	Mr. Rahul Bansal	30,938
15.	Mr. Dinesh Rathi	28,875
16.	Mr. Dwarkadas Soni	18,750
17.	Mr. Jagdish Rathi	18,750
18.	Ms. Kiran Rathi	18,750
19.	Ms. Prafullata Rathi	18,750
20.	Ms. Savita Lohiya	18,750
21.	Ms. Savitabai Rathi	18,750
22.	Mr. Ashish Bhala	18,375
23.	Mr. Shivratan Mundada	7,500
24.	Mr. Madhusudan Rathi	6,375
25.	Mr. Ramesh Mundada	3,750
26.	Mr. Ramdayal Mundada	938
27.	Mr. Ashok Mundada	938
<b>Total</b>		<b>94,67,515</b>

(9) Preferential allotment

No.	Name of the allottee	Number of Equity Shares allotted
1.	Ashva Multitrade Private Limited	5,01,806
2.	Mr. Ghanshyam Goyal	2,00,000
3.	Mr. Rameshbhai Patel	1,87,500
4.	Rajgharama Merchant Private Limited	1,00,000
5.	Mr. Rajesh Bansal	50,000
6.	Mr. K.R. Bangad	25,000
7.	Mr. Shivkumar Lohiya	8,425
8.	Mr. P.B. Toshniwal	5,898
9.	Mr. Kailash Lohiya	4,825
<b>Total</b>		<b>94,67,515</b>

(10) Preferential allotment

No.	Name of the allottee	Number of Equity Shares allotted
1.	Rajgharana Merchants Private Limited	87,500
2.	Mr. Rameshbhai Patel	62,500
3.	Ashva Multi Trade Private Limited	55,499
4.	Mr. Vishal Bansal	27,500
5.	Mauli Financial Services Private Limited	24,348
6.	Mr. D B Soni	17,460
7.	Mr. Amit Mundara	7,766
8.	Mr. Ashish Bhala	2,453
<b>Total</b>		<b>2,85,026</b>

- (b) As on the date of this Draft Prospectus, our Company does not have any preference share capital.  
(c) Issue of Equity Shares for Consideration other than cash and bonus issues.

Our Company has not issued Equity shares for consideration other than cash as on the date of this Draft Prospectus. However, our Company has issued bonus shares, details of which are set out below:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Reasons for Allotment	Benefits Accrued to our Company	Allottees	No. of Shares Allotted
March 25, 2010	94,67,515	10	--	Bonus Issue (2:3)	Expansion of Capital	Ashva Multi Trade Private Limited	35,38,125
						Mauli Financial	18,00,000

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Reasons for Allotment	Benefits Accrued to our Company	Allottees	No. of Shares Allotted
						Services Private Limited	
						Raj Gharana Merchant Private Limited	14,94,600
						Mr. Rameshbhai Patel	12,00,938
						Mr. Rajesh Bansal	3,69,375
						Ms. Ratnidevi Bansal	2,36,250
						Mr. Bhaveshbhai Patel	1,99,913
						Ms. Taraben Patel	1,12,500
						Ms. Anita Bansal	1,01,250
						Mr. Jasbindar Bansal	75,000
						Mr. Vikas Bansal	48,750
						Mr. Vishal Bansal	48,750
						Mr. Sanjay Rathi	31,875
						Mr. Rahul Bansal	30,938
						Mr. Dinesh Rathi	28,875
						Mr. Dwarkadas Soni	18,750
						Mr. Jagdish Rathi	18,750

3. We have not revalued our assets since inception and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

4. Build-up of our Promoter's Shareholding, Promoter's Contribution and Lock-in

(a) **Build-up of our Promoter's shareholding in our Company**

The current promoters of our Company are (i) Mr. Sanjay Rathi; (ii) Mr. Shivratn Mundada; (iii) Mr. Rajesh Bansal; (iv) Mr. Bhavesh Patel and (v) Ashva Multi Trade Private Limited

As on the date of this Draft Prospectus, our Promoters collectively hold 34,42,815 Equity Shares, which constitutes approximately 20.08 % of the issued, subscribed and paid-up Equity Share capital of our Company.

None of the Equity Shares held by our Promoters is subject to any pledge.

Set forth below is the build-up of the equity shareholding of our Promoters, since the incorporation of our Company.

i) **Mr. Sanjay Rathi**

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition / Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Source of funds
Upon Incorporation	5,000	10/-	10/-	Cash	Subscriber to MOA	0.029	0.029	3 years	Owned Fund
March 25, 2008	6,625	10/-	20/-	Cash	Further Allotment	0.039	0.039	3 years	Owned Fund
March 22, 2010	9,625	10/-	30/-	Cash	Further Allotment	0.056	0.056	3 years	Owned Fund
March 25,	31,875	10/-	--	NIL	Bonus Issue	0.186	0.186	3	NA

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition / Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Source of funds
2010								years	
April 01, 2015	31,250	10/-	--	--	Transmission of shares from Savitribai Kachrural Rathi	0.182	0.182	3 years	NA
<b>Total</b>	<b>84,375</b>					<b>0.492</b>	<b>0.492</b>		

ii) **Mr. Shivratn Mundada**

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Sources of funds
Upon Incorporation	5,000	10/-	10/-	Cash	Subscriber to MOA	0.029	0.029	3 years	Owned Fund
March 25, 2010	7,500	10/-	--	NIL	Bonus Issue	0.044	0.044	3 years	--
March 31, 2012	5,885	10/-	10/-	Cash	Transfer from Kiran Rathi	0.034	0.034	3 years	Owned Fund
March 31, 2014	7,812	10/-	40/-	Cash	Transfer from Prafullata S Rathi	0.046	0.046	3 years	Owned Fund
March 31, 2014	20,000	10/-	20/-	Cash	Transfer from Anita R Bansal	0.117	0.117	3 years	Owned Fund
<b>Total</b>	<b>46,197</b>					<b>0.269</b>	<b>0.269</b>		

iii) **Mr. Bhavesh Patel**

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Sources of funds
March 22, 2010	28,275	10/-	40/-	Cash	Further Allotment	0.16	0.16	3 years	Own Funds
March 22, 2010	1,05,000	10/-	10/-	Cash	Transfers of shares from The Gujarat Tea Traders Private	0.61	0.61	3 years	Own Funds

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Source of funds
					Limited				
March 25, 2010	1,99,913	10/-	--	NIL	Bonus Issue	1.17	1.17	3 years	NA
<b>Total</b>	<b>3,33,188</b>					<b>1.94</b>	<b>1.94</b>		

iv) **Mr. Rajesh Bansal**

Date of Allotment/ Acquisition / Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Source of funds
March 25, 2007	1,60,000	10/-	20/-	Cash	Further Allotment	0.93	0.93	3 years	Own Funds
March 25, 2008	30,000	10/-	40/-	Cash	Further Allotment	0.17	0.17	3 years	Own Funds
August 20, 2008	25,000	10/-	40/-	Cash	Further Allotment	0.15	0.15	3 years	Own Funds
March 25, 2009	2,500	10/-	40/-	Cash	Further Allotment	0.01	0.01	3 years	Own Funds
February 02, 2010	25,000	10/-	40/-	Cash	Further Allotment	0.15	0.15	3 years	Own Funds
March 22, 2010	3,750	10/-	40/-	Cash	Further Allotment	0.02	0.02	3 years	Own Funds
March 25, 2010	3,69,375	10/-	--	NIL	Bonus Issue 2:3	2.15	2.15	3 years	NA
January 18, 2011	1,57,500	10/-	10/-	Cash	Transfer from Ratnadevi Bansal	0.29	0.29	3 years	Own Funds
January 18, 2011	50,000	10/-	10/-	Cash	Transfer from Jasbinder Purnamal Bansal	0.29	0.29	3 years	Own Funds
June 20, 2011	50,000	10/-	40/-	Cash	Preferential Allotment	0.29	0.29	3 years	Own Funds
March 31, 2012	50,000	10/-	10/-	Cash	Transfer to Anita Rajesh Bansal	0.29	0.29	3 years	NA
March 15, 2013	50,000	10/-	17.8/-	Cash	Transfer to Mahabaleshwar Alloys Pvt Ltd	0.29	0.29	3 years	NA
March 15, 2013	20,000	10/-	17.8/-	Cash	Transfer to Mahabaleshwar Alloys Pvt Ltd	0.12	0.12	3 years	NA
March 15, 2013	1,40,000	10/-	17.8/-	Cash	Transfer to Mahabaleshwar	0.82	0.82	3 years	NA

Date of Allotment/ Acquisition / Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Source of funds
					r Alloys Pvt Ltd				
March 31, 2014	11,250	10/-	20/-	Cash	Transfer to Sarla Shivrtn Mundada	0.07	0.07	3 years	NA
March 31, 2014	75,000	10/-	--	Cash	Transfer from Jasbinder Purnamal Bansal as Gift	0.44	0.44	3 years	Own Funds
March 31, 2014	2,36,250	10/-	--	Cash	Transfer from Ratnadevi Bansal as Gift	1.38	1.38	3 years	Own Funds
<b>Total</b>	<b>9,13,125</b>					<b>5.33</b>	<b>5.33</b>		

(v) Ashva Multi Trade Private Limited

Date of Allotment/ Acquisition / Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Source of funds
March 25, 2007	19,50,000	10/-	20/-	Cash	Further Allotment	11.37	11.37	3 years	Owned Funds
August 20, 2008	36,250	10/-	40/-	Cash	Further Allotment	0.21	0.21	3 years	Owned Funds
February 02, 2010	1,30,000	10/-	40/-	Cash	Further Allotment	0.8	0.8	3 years	Owned Funds
March 22, 2010	2,42,500	10/-	40/-	Cash	Further Allotment	1.41	1.41	3 years	Own Funds
March 25, 2010	35,38,125	10/-	--	NIL	Bonus Issue 2:3	20.63	20.63	3 years	NA
June 20, 2011	5,01,806	10/-	40/-	Cash	Preferential Allotment	2.93	2.93	3 years	Own Funds
March 15, 2012	55,499	10/-	40/-	Cash	Further Allotment	0.32	0.32	3 years	Own Funds
March 31, 2012	25,000	10/-	40/-	Cash	Transfer from Kachurural Bangad	0.15	0.15	3 years	Own Funds
March 31, 2012	5,61,800	10/-	10/-	Cash	Transfer from Rajgharana Merchant Pvt. Ltd.	3.28	3.28	3 years	Own Funds
March 31, 2012	31,250	10/-	10/-	Cash	Transfer from Ghanshyam Das Goyal	0.18	0.18	3 years	Own Funds
March 15, 2013	34,77,500	10/-	17.8/-	Cash	Transfer to Aanad Vyapar	20.28	20.28	3 years	NA



Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	% of pre issue equity share capital	% of post issue equity share capital	Lock in Period	Source of funds
					Pvt Ltd				
March 15, 2013	9,67,000	10/-	17.8/-	Cash	Transfer to Mangalmayee Stock Management Pvt Ltd	5.64	5.64	3 years	NA
March 15, 2014	5,61,800	10/-	10/-	Cash	Transfer to Mangalmayee Stock Management Pvt Ltd	3.28	3.28	3 years	NA
<b>Total</b>	<b>20,65,930</b>					<b>12.05</b>	<b>12.05</b>		

All the Equity Shares held by our Promoters were fully paid up as on the respective dates of acquisition of such Equity Shares. Our Promoters have confirmed to our Company and the Lead Manager that the Equity Shares held by our Promoters have been financed from their personal funds, as the case may be, and no loans or financial assistance from any bank or financial institution has been availed of by them for such purpose.

As on the date of this Draft Prospectus, our Promoters do not hold any preference shares in our Company.

**(b) Details of Promoters' Contribution Locked-in for Three (3) Years**

Pursuant to Regulation 32 of the SEBI (ICDR) Regulations, an aggregate of at least 20% of the post-Offer Equity Share capital of our Company held by our Promoters shall be locked for a period of three (3) years from the date of Allotment.

All Equity Shares held by our Promoters i.e., 34,42,815, are eligible for Promoters' contribution, pursuant to Regulation 33 of the SEBI (ICDR) Regulations.

All the Equity Shares of our Company held by our Promoters and the Promoter Group shall be held in dematerialized form prior to filing of the Prospectus with the RoC.

Our Promoters have consented to the inclusion of such number of the Equity Shares held by them, in aggregate, as may constitute 20% of the post-Offer capital of our Company as Promoters' contribution and the Equity Shares proposed to form part of Promoters' contribution subject to lock-in shall not be disposed of/ sold/ transferred by our Promoters during the period starting from the date of filing this Draft Prospectus with the Stock Exchange until the date of commencement of the lock-in period.

Accordingly, Equity Shares aggregating to 20% of the post-Offer capital of our Company, held by our Promoters shall be locked-in for a period of three (3) years from the date of Allotment in the Offer as follows:

Details of Promoter's Contribution						
Date on which the Equity Shares were Allotted/ Acquired	Nature of Consideration (Cash/Other than Cash)	Number of Equity Shares Allotted/ Acquired Transferred	Face Value (₹)	Issue Price (₹)	% of post-Issue share capital	Period of Lock-in
<b>Mr. Sanjay Rathi</b>						
Upon Incorporation	Cash	5,000	10/-	10/-	0.029	Three (3)

Details of Promoter's Contribution						
Date on which the Equity Shares were Allotted/ Acquired	Nature of Consideration (Cash/Other than Cash)	Number of Equity Shares Allotted/ Acquired Transferred	Face Value (₹)	Issue Price (₹)	% of post-Issue share capital	Period of Lock-in
March 25, 2008	Cash	6,625	10/-	20/-	0.039	years from the date of allot-ment under the Offer
March 22, 2010	Cash	9,625	10/-	30/-	0.056	
March 25, 2010	NIL	31,875	10/-	--	0.186	
April 01, 2015	--	31,250	10/-	--	0.182	
<b>Total (A)</b>		<b>84,375</b>			<b>0.492</b>	
<b>Mr. Shivratn Mundada</b>						
Upon Incorporation	Cash	5,000	10/-	10/-	0.029	Three (3) years from the date of allot-ment under the Offer
March 25, 2010	NIL	7,500	10/-	--	0.044	
March 31, 2012	Cash	5,885	10/-	10/-	0.034	
March 31, 2014	Cash	7,812	10/-	40/-	0.046	
March 31, 2014	Cash	20,000	10/-	20/-	0.117	
<b>Total (B)</b>		<b>46,197</b>			<b>0.269</b>	
<b>Mr. Bhavesh Patel</b>						
March 22, 2010	Cash	28,275	10/-	40/-	0.16	Three (3) years from the date of allot-ment under the Offer
March 22, 2010	Cash	1,05,000	10/-	10/-	0.61	
March 25, 2010	NIL	1,99,913	10/-	--	1.17	
<b>Total (C)</b>		<b>3,33,188</b>			<b>1.94</b>	
<b>Mr. Rajesh Bansal</b>						
March 25, 2007	Cash	1,60,000	10/-	20/-	0.93	Three (3) years from the date of allot-ment under the Offer
March 25, 2008	Cash	30,000	10/-	40/-	0.17	
August 20, 2008	Cash	25,000	10/-	40/-	0.15	
March 25, 2009	Cash	2,500	10/-	40/-	0.01	
February 02, 2010	Cash	25,000	10/-	40/-	0.15	
March 22, 2010	Cash	3,750	10/-	40/-	0.02	
March 25, 2010	Bonus Issue	3,69,375	10/-	N.A.	2.15	
January 18, 2011	Cash	1,57,500	10/-	10/-	0.29	
January 18, 2011	Cash	50,000	10/-	10/-	0.29	
June 20, 2011	Cash	50,000	10/-	40/-	0.29	
March 31, 2012	Cash	50,000	10/-	10/-	0.29	
March 15, 2013	Cash	50,000	10/-	17.8/-	0.29	
March 15, 2013	Cash	20,000	10/-	17.8/-	0.12	
March 15, 2013	Cash	1,40,000	10/-	17.8/-	0.82	
March 31, 2014	Cash	11,250	10/-	20/-	0.07	
March 31, 2014	Cash	75,000	10/-	--	0.44	
March 31, 2014	Cash	2,36,250	10/-	--	1.38	
<b>Total (D)</b>		<b>9,13,125</b>				
<b>Ashva Multi Trade Private Limited</b>						
March 25, 2007	Cash	19,50,000	10/-	40/-	11.37	Three (3) years from the date of allot-ment under the Offer
August 20, 2008	Cash	36,250	10/-	40/-	0.21	
February 02, 2010	Cash	1,30,000	10/-	40/-	0.8	
March 22, 2010	Cash	2,42,500	10/-	N.A.	1.41	
March 25, 2010	Bonus Issue	35,38,125	10/-	10/-	20.63	
June 20, 2011	Cash	5,01,806	10/-	10/-	2.93	
March 15, 2012	Cash	55,499	10/-	40/-	0.32	
March 31, 2012	Cash	25,000	10/-	40/-	0.15	
March 31, 2012	Cash	5,93,050	10/-	17.8/-	3.46	



<b>Details of Promoter's Contribution</b>						
<b>Date on which the Equity Shares were Allotted/ Acquired</b>	<b>Nature of Consideration (Cash/Other than Cash)</b>	<b>Number of Equity Shares Allotted/ Acquired Transferred</b>	<b>Face Value (₹)</b>	<b>Issue Price (₹)</b>	<b>% of post-Issue share capital</b>	<b>Period of Lock-in</b>
March 15, 2013	Cash	34,77,500	10/-	17.8/-	20.28	
March 15, 2013	Cash	9,67,000	10/-	17.8/-	5.64	
March 15, 2014	Cash	5,61,800	10/-	20/-	3.28	
<b>Total (E)</b>		<b>20,65,930</b>			<b>12.05</b>	
<b>Grand Total: (A)+(B)+(C)+(D)+(E)</b>		<b>34,42,815</b>			<b>20.08</b>	

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoters' under the SEBI (ICDR) Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this respect, we confirm the following:

- (i) the Equity Shares offered for minimum Promoters' contribution have not been acquired in the three (3) years immediately preceding the date of this Draft Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets, nor have resulted from a bonus issue out of revaluation reserves or unrealized profits of our Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution; the minimum Promoters' contribution does not include any Equity Shares acquired during the one (1) year immediately preceding the date of this Draft Prospectus at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- (ii) no Equity Shares have been issued to our Promoters in the last one (1) year preceding the date of this Draft Prospectus no Equity Shares have been issued to our Promoters in the last one (1) year preceding the date of this Draft Prospectus at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management.

Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible.

- (iii) the Equity Shares held by our Promoters which are offered for minimum Promoters' contribution are not subject to any pledge or any other form of encumbrance whatsoever; and all the Equity Shares of our Company held by the Promoters and the Promoter Group shall be held in dematerialized form prior to the filing of the Prospectus.

(c) **Details of Equity Shares Locked-in for one (1) year**

In terms of Regulation 36 and 37 of the SEBI (ICDR) Regulations, other than the Equity Shares offered by the Promoters for the Minimum Promoter's Contribution, which will be locked-in as minimum Promoters' contribution for three (3) years, all the pre-Issue Equity Shares shall be subject to lock-in for a period of one (1) year from the date of Allotment.

The Equity Shares which are subject to lock-in shall carry inscription 'non-transferable' along with the duration of specified non-transferrable period mentioned in the face of the security certificate. The shares which are in dematerialized form, if any, shall be locked-in by the respective depositories. The details of lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.

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

In terms of Regulation 39 of the SEBI (ICDR) Regulations, locked-in Equity Shares for one (1) year held by our Promoters may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity



Shares is one of the terms of the sanction of the loan. Equity Shares locked-in as Promoters' contribution can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

In terms of Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by persons other than our Promoters prior to 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 Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**") and such transferee shall not be eligible to transfer them until the lock-in period stipulated in the SEBI (ICDR) Regulations has elapsed.

Further, in terms of Regulation 40 of SEBI (ICDR) Regulations, the Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations and such transferee shall not be eligible to transfer them until the lock-in period stipulated in the SEBI (ICDR) Regulations has elapsed.

- (e) We further confirm that our Promoter's Contribution of 20 % of the post-Issue Equity Share capital does not include any contribution from Alternative Investment Fund.
- (f) **Shareholding of our Promoters & Promoter Group and the Director of Corporate Promoter**

The table below presents the shareholding of our Promoter and Promoter Group and the director of our corporate promoter, who hold Equity Shares as on the date of filing of this Draft Prospectus:

Particulars	Pre-Offer		Post-Offer	
	Number of Shares	Percentage (%) holding	Number of Shares	Percentage (%) holding
<b>Promoters</b>				
Mr. Sanjay Rathi	84,375	0.49	84,375	0.49
Mr. Bhavesh Bhai Patel	3,33,188	1.94	3,33,188	1.94
Mr. Shivratan Mundada	46,197	0.27	46,197	0.27
Mr. Rajesh Bansal	9,13,125	5.33	9,13,125	5.33
Ashva Multi Trade Private Limited	20,65,930	12.05	20,65,930	12.05
<b>Total (A)</b>	<b>34,42,815</b>	<b>20.08</b>	<b>34,42,815</b>	<b>20.08</b>
<b>Promoter Group</b>				
Mr. Ramesh Patel	22,51,563	13.13	22,51,563	13.13
Mr. Sadakor Mundara	25,000	0.15	25,000	0.15
Mrs. Tara Patel	1,87,500	1.09	1,87,500	1.09
Mr. Vikas Bansal	81,250	0.47	81,250	0.47
Mr. Rahul Bansal	49,063	0.29	49,063	0.29
Mr. Jagdish Rathi	18,715	0.11	18,715	0.11
Mrs. Prafulata Rathi	23,438	0.14	23,438	0.14
Mrs. Sarla Mundara	41,250	0.24	41,250	0.24
Anand Vyapar Pvt. Ltd.	33,92,500	19.78	33,92,500	19.78
<b>Total (B)</b>	<b>60,70,279</b>	<b>35.40</b>	<b>60,70,279</b>	<b>35.40</b>
<b>Grand Total (A+B)</b>	<b>95,13,094</b>	<b>55.48</b>	<b>95,13,094</b>	<b>55.48</b>

As on the date of filing of this Draft Prospectus, our Promoters and members of the Promoter Group do not hold any preference shares in our Company.

5. **Acquisition and sale/transfer of Equity Shares by our Promoters in last one (1) year**

There has been no acquisition, sale or transfer of Equity Shares by our Promoters in the last one (1) year preceding the date of filing of this Draft Prospectus.

6. **Build-up of Selling Shareholder's Shareholding**

As on the date of this Draft Prospectus, the Selling Shareholders hold 48,74,398 Equity Shares, constituting 28.43% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company in the following manner:

No	Name of the Selling Shareholders	No. of Equity Shares held in our Company	No. of Equity Shares Offered	(%) of the pre- Offer capital	(%) of the post- Offer capital
1.	Sensex Tracom Private Limited	24,21,300	24,21,300	14.12	0.00
2.	Mauli Financial Services Private Limited	6,03,048	5,28,650	3.08	0.43
3.	Mangalmayees Stock Management Private Limited	18,50,050	18,50,050	10.79	0.00
	<b>Total</b>	<b>48,74,398</b>	<b>48,00,000</b>	<b>27.99</b>	<b>0.43</b>

### Confirmations

The Selling Shareholders have confirmed that:

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

We set out below the equity built-up of our Selling Shareholders in our Company:

#### (i) Sensex Tracom Private Limited

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	Name of the Transferor
March 15, 2013	24,21,300	10.00	17.80	Cash	Transfer	Mauli Financial Services Private Limited
<b>Total</b>	<b>24,21,300<sup>(1)</sup></b>					

<sup>(1)</sup> Sensex Tracom Private Limited is offering 24,21,300 equity shares through this Draft Prospectus.

#### (ii) Mauli Financial Services Private Limited

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	Name of the Transferor
March 25, 2007	2,52,500	10.00	20.00	Cash	Further Allotment	--
March 25, 2008	5,75,000	10.00	40.00	Cash	Further Allotment	--
August 20, 2008	1,37,500	10.00	40.00	Cash	Further Allotment	--
March 25, 2009	1,80,000	10.00	40.00	Cash	Further Allotment	--
February 02,	25,000	10.00	40.00	Cash	Further	--

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	Name of the Transferor
2010					Allotment	
March 22, 2010	30,000	10.00	40.00	Cash	Further Allotment	--
March 25, 2010	18,00,000	10.00	-	NA	Bonus Issue 2:3	--
March 15, 2012	24,348	10.00	40.00	Cash	Further Allotment	--
March 15, 2013	24,21,300	10.00	17.80	Cash	Transfer	Sensex Tracom Pvt Ltd
<b>Total</b>	<b>6,03,048<sup>(1)</sup></b>					

<sup>(1)</sup> Mauli Financial Services Private Limited is offering 5,28,650 equity shares through this Draft Prospectus.

(iii) **Mangalmayees Stock Management Private Limited**

Date of Allotment/ Acquisition/ Sale	Number of Equity Shares	Face Value (₹)	Issue/ Acquisition/ Sale Price per Equity Share (₹)	Nature of Consideration (Cash/ Other than Cash)	Nature of transaction	Name of the Transferor
March 31, 2013	35,000	10.00	20.00	Cash	Transfer	Mr. Vishal Rajesh Bansal
March 15, 2014	9,67,000	10.00	20.00	Cash	Transfer	Ashva Multi-trade Private Limited
March 31, 2014	2,500	10.00	20.00	Cash	Transfer	Mr. Rahul Bansal
	70,000	10.00	20.00	Cash	Transfer	Mr. Rajesh Bansal
	78,750	10.00	20.00	Cash	Transfer	Ms. Anita Bansal
	50,000	10.00	20.00	Cash	Transfer	Ms. Anita Bansal
	561800	10.00	20.00	Cash	Transfer	Rajgharana Merchants Private Limited
March 31, 2015	85,000	10.00	21.40	Cash	Transfer	Anand Vyapaar Private Limited
<b>Total</b>	<b>18,50,050<sup>(1)</sup></b>					

<sup>(1)</sup> Mangalmayees Stock Management Private Limited is offering 1,850,050 equity shares through this Draft Prospectus.





## 7. Shareholding Pattern of our Company

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

Category (I)	Category of shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares under lying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held (Sb)
								Class eg: X	Class eg: Y	Total								
A	Promoter & Promoter Group	13	61,20,594	Nil	Nil	61,20,594	35.69	61,20,594	Nil	61,20,594	Nil	Nil	35.69	Nil	Nil	Nil	Nil	[•]
B	Public	20	1,10,27,076	Nil	Nil	1,10,27,076	64.31	1,10,27,076	Nil	1,10,27,076	64.31	Nil	64.31	Nil	Nil	Nil	Nil	[•]
C	Non Promoter- Non Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C1	Shares underlying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Category (I)	Category of shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares under lying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Share holding as a % of total no. of shares (calculated as per SCR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held (b)	No. (a)		As a % of total Shares held (Sb)
								Class eg: X	Class eg: Y	Total								
C2	Shares held by Employee Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>33</b>	<b>1,71,47,670</b>	<b>Nil</b>	<b>Nil</b>	<b>1,71,47,670</b>	<b>100</b>	<b>1,71,47,670</b>	<b>Nil</b>	<b>1,71,47,670</b>	<b>100</b>	<b>Nil</b>	<b>100</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>[•]</b>

- We are in the process of entering into tripartite agreement with both depositories.
- In terms of SEBI circular bearing no. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearings no. SEBI/Cir/ISD/05/2011 dated September 30, 2011, our Company shall ensure that the Equity Shares held by the Promoter and Promoter Group shall be in dematerialised prior to the filing of Prospectus with the RoC.
- Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the Listing Regulation, 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 such Equity Shares.



8. Except as set out below, none of the directors of our Company are holding any Equity Shares in our Company.

Particulars	Number of Shares	Percentage (%) holding
Mr. Sanjay Rathi	84,375	0.49
Mr. Shivratana Mundada	46,197	0.27
Mr. Rajesh Bansal	9,13,125	5.33
Mr. Bhavesh Patel	3,33,188	1.94
<b>Total</b>	<b>32,95,260</b>	<b>8.03</b>

9. None of the Equity Shares of our Company are subject to any pledge as on the date of this Draft Prospectus.

10. None of the shareholding of the Promoters & Promoter Group is subject to lock-in as on date of this Draft Prospectus.

11. None of the persons belonging to the category Public are holding more than 1% of the total number of shares (including shares, warrants, convertible securities) as on the date of this Draft Prospectus.

12. None of the Key Managerial Personnel holds Equity Shares in our Company as on the date of this Draft Prospectus.

13. **Top Ten Shareholders of our Company.**

a. The top ten (10) shareholders of our Company as of the date of the filing of the Draft Prospectus with the Stock Exchange are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Anand Vyapaar Pvt Ltd	33,92,500	19.78
2.	Sensex Tracom Pvt Ltd	24,21,300	14.12
3.	Safford Mercantile Pvt Ltd	22,85,450	13.33
4.	Mr. Rameshbhai Chotabhai Patel	22,51,563	13.13
5.	Ashva Multitrade Pvt Ltd	20,65,930	12.05
6.	Mangalmayees Stock Managemnet Pvt Ltd	18,50,050	10.79
7.	Mr. Rajesh Bansal	9,13,125	5.33
8.	Mauli Financial Services Pvt Ltd	6,03,048	3.52
9.	Bhaveshbhai Rameshbhaia Patel	3,33,188	1.94
10.	Mrs. Taraben rameshbhai Patel	1,87,500	1.09
<b>Total</b>		<b>1,63,03,654</b>	<b>95.08</b>

b. The top ten (10) shareholders of our Company as of ten (10) days prior to the filing of the Draft Prospectus with the Stock Exchange are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Anand Vyapaar Pvt Ltd	33,92,500	19.78
2.	Sensex Tracom Pvt Ltd	24,21,300	14.12
3.	Safford Mercantile Pvt Ltd	22,85,450	13.33
4.	Mr. Rameshbhai Chotabhai Patel	22,51,563	13.13
5.	Ashva Multitrade Pvt Ltd	20,65,930	12.05
6.	Mangalmayees Stock Managemnet Pvt Ltd	18,50,050	10.79
7.	Mr. Rajesh Bansal	9,13,125	5.33
8.	Mauli Financial Services Pvt Ltd	6,03,048	3.52
9.	Bhaveshbhai Rameshbhaia Patel	3,33,188	1.94
10.	Mrs. Taraben rameshbhai Patel	1,87,500	1.09
<b>Total</b>		<b>1,63,03,654</b>	<b>95.08</b>



- c. The top ten (10) shareholders of our Company as of two (2) years prior to the filing of the Draft Prospectus with the Stock Exchange are as follows:

No.	Name of the Shareholder	Number of Equity Shares	Shareholding (%)
1.	Anand Vyapaar Private Limited	33,92,500	19.78
2.	Sensex Tracom Private Limited	24,21,300	14.12
3.	Mr. Rameshbhai Patel	22,51,563	13.13
4.	Safford Mercantile Private Limited	21,16,700	12.34
5.	Ashva Multitrade Private Limited	20,34,680	11.87
6.	Mangalmayees Stock Managemnet Private Limited	18,50,050	10.79
7.	Mr. Rajesh Bansal	9,13,125	5.33
8.	Mauli Financial Services Private Limited	6,03,048	3.52
9.	Mr. Bhaveshbhai Patel	3,33,188	1.94
10.	Mr. Ghyamshyamdas Goyal	2,00,000	1.17
<b>Total</b>		<b>1,61,16,154</b>	<b>93.98</b>

14. Except as stated below, none of our public shareholders are holding more than 1% of the pre-Issue share capital of our Company:

No.	Name of the Shareholder	Number of Equity Shares	Pre-Offer Shareholding (%)	Post-Offer Shareholding (%)
1.	Sensex Tracom Private Limited	24,21,300	14.12	0.00
2.	Safford Mercantile Private Limited	21,16,700	12.34	12.34
3.	Mangalmayees Stock Managemnet Private Limited	18,50,050	10.79	0.00
4.	Mauli Financial Services Private Limited	6,03,048	3.52	0.43
<b>Total</b>		<b>6991098</b>	<b>40.77</b>	<b>12.77</b>

15. There has been no subscription to or sale or purchase of our Equity Shares, within the three (3) years immediately preceding the date of this Draft Prospectus, by our Promoters, Directors or Promoter Group which in aggregate equals or exceeds 1% of the Pre-Offer Equity Share capital of our Company.
16. Our Company has not granted any options or allotted any Equity Shares under the ESOP Scheme as on the date of this Draft Prospectus.
17. Our Company has not issued and allotted Equity Shares in terms of scheme(s) approved under Section 391-394 of the Companies Act, 1956.
18. None of our Promoters, Promoter Group, our Directors and their relatives has entered into any financing arrangements or financed the purchase of the Equity shares of our Company by any other person during the period of six (6) months immediately preceding the date of filing of the Draft Prospectus.
19. We hereby confirm that there will be no further issue of capital whether by the way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from the date of the Prospectus until the Equity shares offered have been listed or application money unblocked on account of failure of issue.
20. Our Company, its Directors, Promoter or the Lead Manager have not entered into any buy-back or standby arrangements for the purchase of the Equity Shares of our Company.
21. None of the Promoter Group, Directors of the Promoter(s), the Directors and their relatives have purchased or sold any Equity Shares during the period of six (6) months immediately preceding the date of filing of this Draft Prospectus with the Stock Exchange.



22. Our Company undertakes that there shall be only one (1) denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
23. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares as on the date of this Draft Prospectus.
24. The Equity Shares are fully paid up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Prospectus.
25. Our Company has not issued Equity Shares out of Revaluation Reserves.
26. Our Company shall comply with such disclosures and accounting norms as may be specified by NSE, SEBI and other regulatory authorities from time to time.
27. The Equity Shares issued pursuant to this Offer shall be fully paid-up.
28. Our Company has not made any public issue of any kind or class of securities of our Company within the immediately preceding two (2) years prior to filing this Draft Prospectus.
29. As on date of this Draft Prospectus, our Company has 33 shareholders.
30. Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending on its business requirements, our Company may consider raising bridge financing facilities, pending receipt of the Net Proceeds of the Issue.
31. Our Company, Directors, Promoters or members of our Promoter Group shall not make any payments, direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Prospectus.
32. Our Company does not have any proposal or intention to alter the equity capital structure by way of split/consolidation of the denomination of the Equity Shares, or the issue of securities on a preferential basis or issue of bonus or rights or further public issue of securities or qualified institutions placement within a period of six (6) months from the date of opening of the Issue. However, if business needs of our Company so require, our Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares / issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six (6) months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required.
33. Our Company has not revalued its assets during the last five (5) financial years.
34. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. 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 Promoter and subject to three (3) years lock-in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
35. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the Lead Manager and Designated Stock Exchange i.e. NSE EMERGE. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.
36. 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.



37. The unsubscribed portion in any reserved category (if any) may be added to any other reserved category.
38. The unsubscribed portion if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion.
39. There are no Equity Shares against which depository receipts have been issued.
40. Other than the Equity Shares, there is no other class of securities issued by our Company.
41. This Offer is being made through Fixed Price method.
42. In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the SCRR) the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. Further, this Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations. As per Regulation 43(4) of the SEBI (ICDR) Regulations, since our is a fixed price Issue 'the allocation' is the Net Issue to the public category shall be made as follows:
  - Minimum fifty percent (50%) to retail individual investors; and
  - Remaining to other than retail individual investors.

The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category. If the retail individual investor category is entitled to more than fifty percent (50%) on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.
43. Our Promoters and members of our Promoter Group will not participate in the Offer.
44. The Lead Manager and its associates do not hold any Equity Shares in our Company as on the date of filing this Draft Prospectus.



## SECTION IV: PARTICULARS OF THE OFFER

### OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Emerge Platform of NSE and to carry out the sale of 48,00,000 Equity Shares by the Selling Shareholders. The listing of the Equity Shares will enhance our brand name and provide liquidity to the existing shareholders. The listing of the Equity Shares will also provide a public market for the Equity Shares in India. Our Company will not receive any proceeds from the Offer. For further details, see the section titled “*The Offer*” on page 36 of this Draft Prospectus.

Our Company expects that listing of the Equity Shares will enhance our visibility and brand and provide liquidity to its existing shareholders and holders of options granted by our Company. Listing will also provide a public market for the Equity Shares in India. Our Company will not receive any proceeds from the Offer. All proceeds from the Offer will go to the Promoter Selling Shareholders and the Investor Selling Shareholders, in proportion to the Equity Shares offered by the respective Promoter Selling Shareholder and the respective Investor Selling Shareholder in the Offer for Sale.

#### Offer related expenses

The total expenses of the Offer are estimated to be approximately Rs. [●] Lacs. The expenses of this Offer include, among others, underwriting and lead management fees, selling commissions, SCSBs’ commissions/ fees, printing and distribution expenses, legal fees, Offer related advertisements and publicity, registrar and depository fees and listing fees.

Other than listing fees, which will be paid by the Company, all costs, fees and expenses with respect to the Offer will be shared between the Selling Shareholders, in proportion to their respective proportion of the Offered Shares, upon successful completion of the Offer. Upon the successful completion of the Offer, each of the Selling Shareholders agree that they shall severally and not jointly reimburse the Company, on a pro-rata basis, in proportion to their respective proportion of the Offered Shares, for any expenses incurred by the Company on behalf of such Selling Shareholder.

The break-up for the Offer expenses is as follows:

Activity	Expenses (₹ in Lakhs)	% of Estimated Expenditure	Total Offer	% of Offer Size
Payment to Merchant Banker including, Underwriting and Selling commissions, Brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other Out of Pocket Expenses	[●]	[●]		[●]
Printing and Stationery and Postage Expenses	[●]	[●]		[●]
Advertising and Marketing Expenses	[●]	[●]		[●]
Regulatory Fee and Expenses	[●]	[●]		[●]
Total	[●]	[●]		[●]

#### Monitoring of Offer proceeds

Since this is an Offer for Sale and our company will not receive any proceeds from the Offer, our Company is not required to appoint a monitoring agency for the Offer.

## BASIC TERMS OF THE OFFER

### Authority for the Offer

The offer in terms of this Draft Prospectus has been authorized pursuant to the resolution passed by the Board of Directors dated June 20, 2016 and by the shareholders pursuant to the special resolution passed in an Extra Ordinary General Meeting dated July 15, 2016 under Section 28 of the Companies Act, 2013

### Ranking of Equity Shares

The Equity Shares being offered under the Issue shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends or any other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please refer to the chapter "**Main Provisions of the Articles of Association**" beginning on 232 of this Draft Prospectus.

### Terms of the Offer

The Equity Shares, now being offered, are subject to the terms and conditions of this Draft Prospectus, 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 may be executed in respect of the Equity Shares.

<b>Face Value</b>	Each Equity Share shall have the face value of ₹10.00 each.
<b>Offer Price</b>	Each Equity Share is being offered at a price of ₹ [●] each and is [●] time of Face Value.
<b>Market Lot and 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 Offer price of ₹ [●] each shall be payable on Application. For more details please refer " <b>Offer Procedure</b> " on page 203 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 " <b>Main Provisions of Articles of Association</b> " on page 242 of this Draft Prospectus.

### Minimum Subscription

In accordance with Regulation 106P (1) of SEBI ICDR Regulations, this Offer is 100% underwritten. Also, in accordance with explanation to Regulation 106P (1) of SEBI ICDR Regulations the underwriting shall not be restricted up to the minimum subscription level.

If our Company does not receive the subscription of 100% of the Offer including devolvement on Underwriters within 60 (Sixty) days from the date of closure of the issue, our Company shall forthwith unblock the entire subscription amount received. If there is a delay beyond 8 (eight) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed in the Companies Act.

Further, in accordance with Regulation 106R of SEBI ICDR Regulations, no allotment shall be made pursuant to the Offer, if the number of prospective allottees is less than 50 (fifty). For further details, please refer to section titled "Terms of the Offer" beginning on page 196 of this Draft Prospectus.

### BASIS FOR OFFER PRICE

Investors should read the following summary with the section titled "Risk Factors", the details about our Company under the section titled "Our Business" and its financial statements under the section titled "Financial Information" beginning on pages 13, 90 and page 126 respectively of the Draft Prospectus. The trading price of the Equity Shares of our Company could decline due to these risks and the investor may lose all or part of his investment.

The Offer Price has been determined by the Company in consultation with the LM on the basis of the key business strengths of our Company. The face value of the Equity Shares is ₹ 10.00 each and the Offer Price is ₹ [●] which is [●] times of the face value.

### QUALITATIVE FACTORS

- ❖ Established marketing set-up
- ❖ Locational advantage of our manufacturing unit
- ❖ Scalable business model
- ❖ Management expertise

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to section titled "Our Business" beginning on page 90 of this Draft Prospectus.

### QUANTITATIVE FACTORS

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

#### 1. Basic & Diluted Earnings per share (EPS), as adjusted:

S. No	Period	Basic & Diluted (₹)	Weights
1.	FY 2013-14	2.21	1
2.	FY 2014-15	1.32	2
3.	FY 2015-16	1.88	3
	<b>Weighted Average</b>	<b>1.75</b>	

Notes:

- i. The figures disclosed above are based on the restated financial statements of the Company.
- ii. The face value of each Equity Share is ₹ 10.00.
- iii. Earnings per Share has been calculated in accordance with Accounting Standard 20 – "Earnings per Share" issued by the Institute of Chartered Accountants of India.
- iv. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.

#### 2. Price Earning (P/E) Ratio in relation to the Offer Price of ₹ [●]:

S. No	Particulars	P/E
1	P/E ratio based on the Basic & Diluted EPS, as restated for FY 2015-16	[●]
2	P/E ratio based on the Weighted Average EPS, as restated for FY 2015-16	[●]

#### 3. Peer Group P/ E\*

S. No	Particulars	P/E
1	Highest	49.70
2	Lowest	5.5
3	Average	27.60

\*Source: Industry data is of Textile-Cotton/Blended as per Capital Market data of Vol. XXXI/11

**4. Return on Net worth (RoNW)\***

S. No	Period	RONW (%)	Weights
1.	FY 2013-14	10.31	1
2.	FY 2014-15	5.94	2
3.	FY 2015-16	7.86	2
	<b>Weighted Average</b>	<b>7.62</b>	

\*Restated Profit after tax/Net Worth

**5. Minimum Return on Net Worth after Offer to maintain Pre-Offer basic & diluted EPS for the FY 2015-16**

There will be no change in the Net Worth post-Offer as the Offer is by way of Offer for Sale by the Selling Shareholders.

**6. Net Asset Value (NAV) per Equity Share :**

Sr. No.	As at	NAV (₹)
1.	March 31, 2014	21.43
2.	March 31, 2015	22.17
3.	March 31, 2016	23.99
4.	NAV after Offer	23.99
	<b>Offer Price</b>	<b>[●]</b>

**7. Comparison of Accounting Ratios with Industry Peers<sup>1</sup>**

S. No.	Name of Company	Face Value (₹)	EPS (₹) <sup>3</sup>	PE <sup>4</sup>	RoNW (%)	NAV per Share (₹)
1.	Nitin Spinners Limited <sup>1</sup>	10	9.64	0.98	21.48	44.87
2.	Kallam Spinning Mills Limited <sup>1</sup>	10	8.63	9.76	7.86	109.87
3.	Sambandam Spinning Mills Limited <sup>1</sup>	10	0.97	89.43	0.83	116.74
4.	Laxmi Cotspin Limited <sup>2</sup>	10	1.88	[●]	7.83	23.99

<sup>1</sup>\*Source: www.bseindia.com

<sup>2</sup>Based on March 31, 2016 restated financial statements

<sup>3</sup>Basic & Diluted Earnings per share (EPS), as adjusted

<sup>4</sup>Price Earning (P/E) Ratio in relation to the Offer Price of ₹ [●]

The peer group identified is broadly based on the different service lines that we are into but our scale of operations is not comparable to them.

8. The face value of our shares is ₹ 10.00 per share and the Offer Price is of ₹ [●] per share is [●] times of the face value.

9. Our Company in consultation with the Lead Manager believes that the Offer Price of ₹ [●] per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment.

Investors should read the above mentioned information along with sections titled "Our Business", "Risk Factors" and "Financial Information" beginning on pages 90, 13 and 126 respectively including important profitability and return ratios, as set out in "Annexure P" to the Financial Information of our Company beginning on page 126 of this Draft Prospectus to have a more informed view.



**STATEMENT OF TAX BENEFITS**

To,  
The Board of Directors,  
**Laxmi Cotspin Limited**

Dear Sir,

Sub: **Statement of Possible Tax Benefits Available to the Company and its shareholders with regards to Offer for Sale by the Selling Shareholders of Laxmi Cotspin Limited**

We hereby confirm that the enclosed statement provides the possible tax benefits available to Laxmi Cotspin Limited. (the "*Company*") and its shareholders under the Income Tax Act, 1961 (provisions of Finance Act, 2015), 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 relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon the fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

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

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

**For CNA & Associates,  
Chartered Accountants  
F. R. No. 128929-W**

**Sd/-  
CA. Anand Partani  
Partner  
Membership No.: 117766  
Date: July 20, 2016  
Place: Aurangabad**

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

**I. Benefits available to the Company under the Income Tax Act, 1961**

**(i) Special Tax Benefits**

**1. Special tax benefits available to the company**

There are no special tax benefits available to the Company

**2. Special tax benefits available to the shareholders of the company**

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

**(ii) General Tax Benefits**

The Income Tax Act, 1961 and presently in force in India, make available the following general tax benefits to companies and to their shareholders. Several of these benefits are dependent on the companies or their shareholders fulfilling the conditions prescribed under the relevant provisions of the statute.

**I. Benefits to the company under the Income Tax Act, 1961 (the "Act"):**

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

**(a) Business Income**

1. The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act
2. Business losses, if any, for an assessment year can be carried forward and set off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.
3. As per the provisions of section 32(1)(ia) of the Act, The company is entitled to claim additional depreciation of 20% of the actual cost of any new machinery or plant which has been acquired and installed after 31<sup>st</sup> March, 2005 subject to fulfilment of conditions prescribed therein.
4. As per provisions of Section 35 (1) (ii) and (iii) of the Act, in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research, or to any approved university, College or other institution to be used for scientific research or for research in social sciences or statistical scientific research to the extent of a sum equal to one and one fourth times the sum so paid. Under Section 35 (1) (ia) of the Act, any sum paid to a company, which is registered in India and which has as its main object the scientific research and development, and being approved by the prescribed authority and such other conditions as may be prescribed, shall also qualify for a deduction of one and one fourth times the amount so paid.
5. As per provisions of Section 35(2AA) of the Act, any contribution made Notified Institutions i.e. National Laboratory, University, Indian Institute of Technology, specified persons as approved by the prescribed authority, is available to the extent of one and one fourth times of such payment made.

**(b) Mat Credit**

1. The amount of tax paid under section 115JB by the Company for any assessment year beginning on or after 1st April, 2006 will be available as credit to the extent specified in section 115JAA against normal income-tax payable in subsequent assessment years.



Minimum Alternative Tax as follows:

Book Profits	A.Y. 2016-17		
	Tax	Surcharge	Cess
If Book Profits are less than or Equal to 1 Crore	18.5%	-	3%
If Book Profits are Greater than 1 Crore but do not exceed 10 Crore	18.5%	7%	3%
If Book Profits are Greater than to 10 Crore	18.5%	12%	3%

- In accordance with the provisions of Section 115JAA, from assessment year 2010-11 the credit is available for ten years succeeding the assessment year in which MAT credit becomes allowable.

**(c) Capital Gains**

**(i) Computation of Capital Gains**

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as long – term capital gains ('LTCG'). In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.
- Short Term Capital Gains ('STCG') means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.
- Finance Act, 2014 has amended section 2(42A) of the Act whereby capital assets, being security (other than a unit) listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of equity oriented fund or a zero coupon bond, held by an assessee for not more than twelve months are considered to be short–term capital asset. In respect of any other capital assets, the holding period should not exceed thirty – six months to be considered as short– term capital assets. This amendment is applicable on and after 10th July, 2014.
- Therefore, capital asset being unlisted share or unit of mutual fund (other than an equity oriented mutual fund) shall be short-term capital asset if it is held for not more than thirty-six months.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of business trust as defined in section 2(13A), is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.
- Income by way of LTCG exempt under Section 10(38) of the Act is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.
- As per the provisions of Section 48 of the Act, Long term Capital Gain arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- As per the provisions of section 111A, short term capital gains arising from the transfer of equity shares in any company or units of an equity oriented mutual fund transacted through a recognized stock exchange shall be subject to tax @ 15% provided such a transaction is entered in after the 1<sup>st</sup> day of Oct,

2004 and transaction is subject to security transaction tax. Further, short term capital gains as computed above that are not liable to STT would be subject to tax at a rate of 30% (plus applicable surcharge plus education cess plus higher education cess) in case of a company. No deduction under Chapter VIA is allowed from such income.

10. As per the provisions of section 112 of the Act, long-term capital gains to the extent not exempt under Section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge plus education cess plus higher education cess with indexation benefits. However, as per the proviso to Section 112 of the Act, if the tax on long-term capital gains is resulting from transfer of listed securities or units or zero coupon bonds, then long term capital gain will be chargeable to tax at the rate lower of the following: -
  - a. 20% (plus applicable surcharge plus education cess plus higher education cess of the capital gains as computed after indexation of the cost; or
  - b. 10% (plus applicable surcharge plus education cess plus higher education cess) of the capital gains as computed without indexation.

However, Finance Act, 2014 has amended the provisions of section 112 allowing the concessional rate of tax of ten per cent on long term capital gain to listed securities (other than unit) and zero coupon bonds. This amendment is applicable on and after 10th July, 2014.

11. The tax rates mentioned above stands increased by applicable surcharge, education cess and higher education cess on the total income.
12. As per Section 50 of the Act, where a capital asset is forming part of a block of assets in respect of which depreciation has been allowed under the Act, capital gains shall be computed in the following manner:
  - a. where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or exclusively in connection with transfer, exceeds the written down value of block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly.
  - b. where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference between the consideration arising on result of transfer and the written down value of block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.
13. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
14. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long – term capital gains arising during subsequent eight assessment years.

**(ii) Exemption of capital gains from income-tax**

1. As per the provisions of section 54D of the Act and subject to the conditions to the extent specified therein, capital gains arising on compulsory acquisition of land & building or any right therein used by an industrial undertaking, will be exempt from tax if the capital gains are invested in “land, building, or any right therein within 3 years from the date of compulsory acquisition for the purpose of shifting / re-establishing/ setting up another industrial undertaking” subject to lower of Capital Gain or the Cost of acquisition of new land and building.
2. In accordance with and subject to the conditions and to the extent specified in section 54EC of the act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and 10(38)) if such capital gain is invested within a period of six months from the date of transfer in bonds redeemable after three years and issued by:-
  - a. National Highway Authority of India (NHAI) constituted under Section 3 of National Highway

- Authority of India Act, 1988; and
- b. Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.

Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year and subsequent financial year.

Where the long term specified assets is transferred or converted into money at any time with in a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.

**(d) Securities Transaction Tax (STT)**

As per the provisions of Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.

**(e) Dividends**

1. U/s 10(34) read with section 115-O of the Act, dividend income (whether interim or final) in the hands of the company as distributed or paid by any other domestic on or after April 1, 2004 is completely exempt from tax in the hands of the company.
2. The domestic company distributing dividends will be liable to pay dividend distribution tax at the applicable rate on net basis on the amount of dividend payable applicable surcharge and education cess and secondary and higher education cess on the amount of dividend distribution tax and surcharge thereon)
3. Further w.e.f 1st October 2014, Finance Act 2014, has amended section 115-O in order to provide that for the purpose of determining the tax on distributed profits payable in accordance with the section 115-O, any amount which is declared, distributed or paid by any domestic Company out of current or accumulated profit on or after 1 April 2003 is to be reduced by any amount of dividend as received by the company from its subsidiary or from foreign companies during the financial year, shall be increased to such amount as would, after reduction of the tax on such increased amount at the rate of 15%, be equal to the net distributed profits.
4. Therefore, the amount of distributable income and the dividends which are actually received by the unit holder of mutual fund or shareholders of the domestic company need to be grossed up for the purpose of computing the additional tax.
5. Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.
6. As per section 10(35) of the Act, the following income will be exempt from tax in the hands of the Company:
  - (i) Income received in respect of the units of a Mutual Fund specified under section 10(23D) (other than income arising from transfer of such units); or
  - (ii) Income received in respect of units from the Administrator of the specified undertaking; or
  - (iii) Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

For this purpose (i) "Administrator" means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a company as referred to in section 2(h) of the said Act.

7. As per the provisions of section 115BBD of the act, dividend Received by an Indian company from a Specified Foreign Company (in which it has shareholding of 26% or more) would be taxable at the Concessional rate of 15% on gross basis (excluding surcharge and Education cess) up to march 31, 2014. As per finance act, 2014, the Benefit of lower rate of 15% is extended without limiting it to a Particular assessment year.
8. For removing the cascading effect of dividend distribution tax, while computing the amount of dividend distribution tax payable. By a domestic company, the dividend received from a foreign Subsidiary on which income-tax has been paid by the Domestic Company under section 115BBD of the act shall be reduced.

**(f) Tax Treaty Benefits**

As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the provisions of the Income tax Act shall apply to the extent they are more beneficial to the company. Section 91 provides for unilateral relief in respect of taxes paid in foreign countries

**(g) Buy Back of Shares**

As per section 115QA of the Act, an Indian unlisted company will have to pay 20% tax on 'distributed income' on buy-back of shares. Distributed income has been defined to mean consideration paid by the Indian unlisted company for purchase of its own shares as reduced by the amount which was received by the Indian unlisted company at the time of issue of such shares. The said provision has come into effect from 1 June 2013.

**(h) Other Provisions**

As per provisions of Finance Act, 2015, it is proposed to reduce the basic tax rate in the case of Companies from 30% to 25% over the next four years, starting from next financial year i.e. FY 2016-17

1. As per provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfilment of the conditions specified in that section.
2. As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

**II. Benefits available to Resident Shareholders under the Income Tax Act, 1961**

▪ **Business Income**

As per the provisions of Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.

▪ **Dividends**

As per the provisions of section 10(34) read with section 115-O of the Act, dividend (whether interim or final) declared, distributed or paid by the domestic company on or after 1<sup>st</sup> April, 2004 is completely exempt from tax.

▪ **Capital Gains**

**(i) Computation of Capital Gains**

1. Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than

twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as long – term capital gains ('LTCG'). In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.

2. Short Term Capital Gains ('STCG') means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
3. In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.
4. Finance Act, 2014 has amended section 2(42A) of the Act whereby capital assets, being security (other than a unit) listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of equity oriented fund or a zero coupon bond, held by an assessee for not more than twelve months are considered to be short–term capital asset. In respect of any other capital assets, the holding period should not exceed thirty – six months to be considered as short– term capital assets. This amendment is applicable on and after 10th July, 2014.
5. Therefore, capital asset being unlisted share or unit of mutual fund (other than an equity oriented mutual fund) shall be short-term capital asset if it is held for not more than thirty-six months.
6. LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of business trust as defined in section 2(13A), is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.
7. The Finance Act 2012 has amended the chapter of Securities Transaction Tax [Chapter VII of Finance Act (No 2) of 2004]. As per the amendment, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the said Chapter. Accordingly, STT is leviable on sale of shares under an offer for sale to the public in an initial public offer and the LTCG arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act. However, in case the shareholder is a Company, income by way of long term capital gain shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the I.T. Act.
8. As per the provisions of Section 48 of the Act, Long term Capital Gain arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
9. As per the provisions of section 111A, short term capital gains arising from the transfer of equity shares in any company or units of an equity oriented mutual fund transacted through a recognized stock exchange shall be subject to tax @ 15% provided such a transaction is entered in after the 1<sup>st</sup> day of Oct, 2004 and transaction is subject to security transaction tax. Further, short term capital gains as computed above that are not liable to STT would be subject to tax at a rate applicable to the assessee (plus applicable surcharge plus education cess plus higher education cess). No deduction under Chapter VIA is allowed from such income.
10. As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
11. The tax rates mentioned above stands increased by applicable surcharge, education cess and higher education cess on the total income.

12. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
13. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long – term capital gains arising during subsequent eight assessment years.

**(ii) Exemption of capital gains from income-tax**

1. In accordance with and subject to the conditions and to the extent specified in section 54EC of the act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and 10(38)) if such capital gain is invested within a period of six months from the date of transfer in bonds redeemable after three years and issued by:-
  - (a) National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
  - (b) Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.

Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year and subsequent financial year.

Where the long term specified assets is transferred or converted into money at any time with in a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.

2. In addition to the same, some benefits are also available to a resident shareholder being an individual or HUF.
3. As per the provisions of section 54F of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years from the date of transfer.
4. As per provisions of Section 56(2)(vii) of the Income Tax Act and subject to exception provided in second proviso therein, where an individual or a HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value (as defined) of the shares and securities by an amount exceeding Rs. 50,000, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head “income from other sources”. However, the said section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.
5. No income tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents.

▪ **Buy Back of Shares**

As per the Finance Act 2013, any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

▪ **Other Provisions**



1. As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
2. The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
3. Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs.1, 500/- per minor child.

### **III. Tax Benefits available to the Non-Resident Indian Shareholders**

#### **(a) Business Income**

As per the provisions of Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.

#### **(b) Dividends**

As per the provisions of section 10(34) read with section 115-O of the Act, dividend (whether interim or final) received by non-resident shareholders from domestic company on or after 1<sup>st</sup> April, 2004 is completely exempt from tax.

#### **(c) Capital Gains**

##### **(i) Computation of Capital Gains**

1. Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as long – term capital gains ('LTCG'). In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.
2. Short Term Capital Gains ('STCG') means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
3. In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.
4. Finance Act, 2014 has amended section 2(42A) of the Act whereby capital assets, being security (other than a unit) listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of equity oriented fund or a zero coupon bond, held by an assessee for not more than twelve months are considered to be short–term capital asset. In respect of any other capital assets, the holding period should not exceed thirty – six months to be considered as short– term capital assets. This amendment is applicable on and after 10th July, 2014.
5. Therefore, capital asset being unlisted share or unit of mutual fund (other than an equity oriented mutual fund) shall be short-term capital asset if it is held for not more than thirty-six months.
6. LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of business trust as defined in section 2(13A), is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions

specified in that section.

7. The Finance Act 2012 has amended the chapter of Securities Transaction Tax [Chapter VII of Finance Act (No 2) of 2004]. As per the amendment, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the said Chapter. Accordingly, STT is leviable on sale of shares under an offer for sale to the public in an initial public offer and the LTCG arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act. However, in case the shareholder is a Company, income by way of long term capital gain shall not be reduced in computing the book profits for the purposes of computation of minimum alternate tax ("MAT") under section 115JB of the I.T. Act.
8. As per first proviso to Section 48 of the Act, where the shares have been purchased in foreign currency by a non-resident, the capital gains arising on its transfer need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. If the tax payable on transfer of listed securities exceeds 10% of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee. Further, LTCG arising from transfer of unlisted securities (other than by way of offer for sale under an initial public offer) is chargeable to tax at 10% without indexation and foreign exchange fluctuation benefits
9. As per the provisions of section 111A, short term capital gains arising from the transfer of equity shares in any company or units of an equity oriented mutual fund transacted through a recognized stock exchange shall be subject to tax @ 15% provided such a transaction is entered in after the 1<sup>st</sup> day of Oct, 2004 and transaction is subject to security transaction tax. Further, short term capital gains as computed above that are not liable to STT would be subject to tax at normal rates applicable (plus applicable surcharge plus education cess plus higher education cess) to the taxpayer. No deduction under Chapter VIA is allowed from such income.
10. As per provisions of Section 112 of the Act, LTCG arising on transfer of listed securities not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. The indexation benefits are however not available in case the shares are acquired in foreign currency. In such a case, the capital gains shall be computed in the manner prescribed under the first proviso to Section 48.
11. The tax rates mentioned above stands increased by applicable surcharge, education cess and higher education cess on the total income.
12. As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
13. As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long - term capital gains arising during subsequent eight assessment years.

**(ii) Exemption of capital gains from income-tax**

1. In accordance with and subject to the conditions and to the extent specified in section 54EC of the act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and 10(38)) if such capital gain is invested within a period of six months from the date of transfer in bonds redeemable after three years and issued by:-
  - (a) National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
  - (b) Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.

Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year and subsequent financial year.

Where the long term specified assets is transferred or converted into money at any time with in a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.

2. In addition to the same, some benefits are also available to a resident shareholder being an individual or HUF.
3. As per the provisions of section 54F of the Act and subject to the conditions specified therein, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of one residential house in India, or for construction of one residential house within three years from the date of transfer.
4. As per provisions of Section 56(2)(vii) of the Income Tax Act and subject to exception provided in second proviso therein, where an individual or a HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value (as defined) of the shares and securities by an amount exceeding Rs. 50,000, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head "income from other sources". However, the said section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.

**(d) Buy Back of Shares**

As per the Finance Act 2013, any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

**(e) Tax Treaty Benefits**

As per the provisions of section 90(2), non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial. It needs to be noted that a non-resident is required to hold a valid tax residency certificate. Additionally the non-resident tax payer is required to provide such other documents and information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013. However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

**(f) Other Provisions**

1. As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

2. The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
3. Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs.1, 500/- per minor child.

**(g) Concessional Tax Regime for NRIs:**

- Special provisions in case of Non-Resident Indian ('NRI') in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:
  - NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
  - Specified foreign exchange assets include shares of an Indian company which are acquired /purchased / subscribed by NRI in convertible foreign exchange.
1. In accordance with section 115E, income from investment or income from long- term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% ((plus applicable surcharge plus education cess plus higher education cess). Income by way of long term capital gains in respect of a specified asset (as defined in section 115C (f) of the act), shall be chargeable at 10% (plus applicable surcharge plus education cess plus higher education cess).
  2. In case of a shareholder being a non-resident Indian, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the Act, the non resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.
  3. In accordance with the provisions of Section 115G of the Act, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both acquired out of convertible foreign exchange, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
  4. In accordance with the provisions of Section 115H of the Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
  5. As per the provisions of section 115 I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

**IV. Tax Benefits available to the Foreign Institutional Investors ("FIIs")**

**(a) Dividends**

As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.

**(b) Long Term Capital Gain**

As per section 10(38) of the Act, long term capital gains arising 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, will be exempt. It is pertinent to note that as per provisions of Section 14A of the Act, expenditure

incurred to earn an exempt income is not allowed as deduction while determining taxable income.

**(c) Capital Gains**

1. As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge plus education cess plus higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act. Finance Act, 2014 has inserted a provision that the amount of income tax calculated on the income by way of interest referred in section 194LD shall be at the rate of five percent. The said provision was made applicable in case of interest payable at any time on or after 1 June 2013 but before 1 June 2015 to FIIs and QFIs on their investments in Government securities and rupee denominated corporate bonds provided that the rate of interest does not exceed the rate notified by the Central Government in this regard.
2. As per section 115 AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company 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 higher education cess).
3. In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the conditions and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain (other than referred to in section 111A) will be 30% as increased by a surcharge and Education cess at an appropriate rate on the tax so computed in either case.
4. The tax rates mentioned above stands increased by applicable surcharge, education cess and higher education cess on the total income.
5. In accordance with and subject to the conditions and to the extent specified in section 54EC of the act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and 10(38)) if such capital gain is invested within a period of six months from the date of transfer in bonds redeemable after three years and issued by:
  - a) National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
  - b) Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.

Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year and subsequent financial year.

Where the long term specified assets is transferred or converted into money at any time with in a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.

6. The Ministry of Finance, Government of India, on February 28, 2015, presented the Finance Bill 2015 before the Parliament for the Financial Year 2015-16. The Finance Bill 2015 has proposed that the FIIs earning income from transaction in securities (other than short term capital gains arising on transactions on which securities transaction tax is not chargeable) shall be excluded from the chargeability of MAT and the profit corresponding to such income shall be reduced from the book profit. It is also provided that the expenses incurred to earn these income would be allowed as deduction from book-profits. Thus, the net capital gain shall stand excluded from book profit. These amendments will take effect from 1st April 2016 and apply in subsequent years.

**(d) Securities Transaction Tax**

As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered

into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

**(e) Tax Treaty Benefits**

As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial. It needs to be noted that a non-resident is required to hold a valid tax residency certificate. Additionally the FII is required to provide such other documents and information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013. However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors

**V. Tax Benefits Available To Mutual Funds**

1. Dividend income, if any, received by the shareholders from the investment of mutual funds in shares of a domestic Company will be exempt from tax under section 10(34) read with section 115O of the Act.
2. In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual Funds set up by public sector banks or bank financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, the mutual funds shall be liable to pay tax on distributed income to unit holders under section 115 R of the act.

**VI. Tax Benefits Available to Venture Capital Companies/Funds**

1. In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified. However, the exemption is restricted to the Venture Capital Company and Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under section 10(23FB)(C). However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.
2. In the case of Foreign Venture Capital Companies / Funds who are non-residents, as per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident. Thus, the applicable Tax Treaty provisions also need to be examined and factored for final and more favorable implications.
3. The Ministry of Finance, Government of India, on February 28, 2015, presented the Finance Bill 2015 before the Parliament for the Financial Year 2015-16. The Finance Bill 2015 has proposed to grant Tax pass through status for SEBI registered Category-I and Category-II Alternative Investment Funds (AIFs), subject to conditions contained therein. These amendments will take effect from 1st April 2016 and apply in subsequent years.

**VII. Tax Benefits Available Under the Wealth Tax Act, 1957**

1. Wealth tax is chargeable on prescribed assets. As per provisions of Section 2(m) of the Wealth Tax Act, 1957, the Company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax while determining the net taxable wealth
2. Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, no wealth tax will be payable on the market value of shares of the company held by the shareholder of the company.





**Note:** Wealth Tax is to be abolished in India with Effect from 01 April, 2016 by Finance Act, 2015

**VIII. Gifts Tax Act, 1958**

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998

**Notes:**

1. All the above possible benefits are as per the current tax laws as amended by the Finance Act, 2015.
2. All the above possible benefits are as per the current tax laws and will be available only to the sole / first named holder in case the shares are held by joint holder.
3. In respect of non-residents, tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-residential has fiscal domicile.
4. In the above statement only basic tax rates have been enumerated and the same is subject to applicable surcharge plus education cess plus higher education cess, wherever applicable.
5. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
6. In view of the individual nature of tax consequence, each investor is advised to consult his/her /its own tax advisor with respect of specific tax consequence of his / her / its participation in the scheme. The share holder is also advised to consider in his / her / its own case, the tax implication of an investment in equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits which investor can avail.

## **SECTION V: ABOUT THE COMPANY AND THE INDUSTRY**

### **INDUSTRY OVERVIEW**

*The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this section. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.*

#### **Introduction**

##### **Global Economic Overview**

Since the Economic Survey and Budget were presented a year ago, the Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. Inflation, the fiscal deficit, and the current account deficit have all declined, rendering India a relative haven of macro stability in these turbulent times. Economic growth appears to be recovering, albeit at varying speeds across sectors.

At the same time, the upcoming Budget and 2016-17 (FY2017) economic policy more broadly, will have to contend with an unusually challenging and weak external environment. Although the major international institutions are yet again predicting that global growth will increase from its current subdued level, they assess that risks remain tilted to the downside. This uncertain and fragile outlook will complicate the task of economic management for India.

The risks merit serious attention not least because major financial crises seem to be occurring more frequently. The Latin American debt crisis of 1982, the Asian Financial crisis of the late 1990s, and the Eastern European crisis of 2008 suggested that crises might be occurring once a decade. But then the rapid succession of crises, starting with Global Financial Crisis of 2008 and proceeding to the prolonged European crisis, the mini-crises of 2013, and the China provoked turbulence in 2015 all hinted that the intervals between events are becoming shorter.

This hypothesis could be validated in the immediate future, since identifiable vulnerabilities exist in at least three large emerging economies—China, Brazil, Saudi Arabia—at a time when underlying growth and productivity developments in the advanced economies are soft. More flexible exchange rates, however, could moderate full-blown eruptions into less disruptive but more prolonged volatility.

One tail risk scenario that India must plan for is a major currency re-adjustment in Asia in the wake of a similar adjustment in China; as such an event would spread deflation around the world. Another tail risk scenario could unfold as a consequence of policy actions—say, capital controls taken to respond to curb outflows from large emerging market countries, which would further moderate the growth impulses emanating from them.

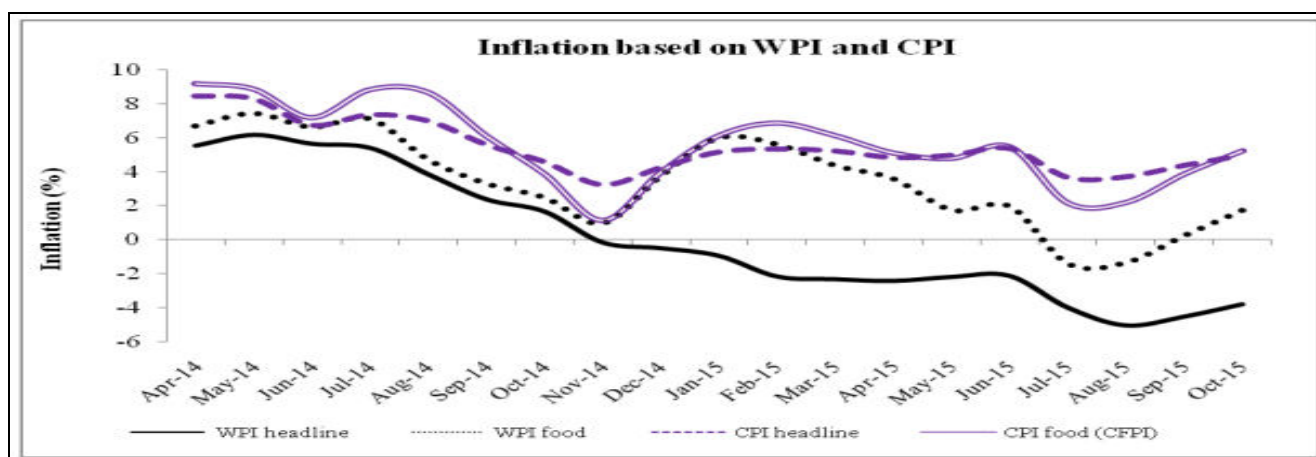
In either case, foreign demand is likely to be weak, forcing India—in the short run—to find and activate domestic sources of demand to prevent the growth momentum from weakening. At the very least, a tail risk event would require Indian monetary and fiscal policy not to add to the deflationary impulses from abroad. The consolation would be that weaker oil and commodity prices would help keep inflation and the twin deficits in check. (Source: *Economic Survey 2015-16-Volume-I*; [www.indianbudget.nic.in](http://www.indianbudget.nic.in))

##### **Indian Economy Overview**

As per the Advance Estimates released by the Central Statistics Office (CSO), the growth rate of the gross domestic product (GDP) at constant market prices has been estimated at 7.6 per cent in 2015-16, which is higher than the growth of 7.2 percent growth recorded in the previous year. The growth of the gross value added (GVA) at constant basic prices has been estimated at 7.3 per cent in 2015-16—as opposed to 7.1 per cent in 2014-15—with agriculture and allied sectors, industrial sector and services sector growing at 1.1 per cent, 7.3 per cent and 9.2 per cent respectively. The growth of GDP at constant basic prices for the first, second and third quarters of 2015-16 has been estimated at 7.6 per cent, 7.7 per cent and 7.3 per cent respectively.

On the demand side, the growth in final consumption expenditure at constant (2011-12) prices is estimated to have remained strong at 6.9 per cent in 2015- 16, as compared to 7.2 per cent in 2014-15. The growth in gross fixed capital formation at constant prices increased from 4.9 per cent in 2014-15 to 5.3 per cent in 2015-16. Exports and imports of goods and non-factor services declined (at constant prices) by 6.3 per cent each in 2015-16; the former mainly on account of the sluggishness in the global economy and the latter on account of decline in international petroleum and other commodity prices. (Source - <http://finmin.nic.in/reports/AnnualReport2015-16.pdf>)

- As per the quarterly estimates of Gross Domestic Product (GDP) released by the Central Statistics Office (CSO) on 30th November 2015, the growth rate of GDP at constant (2011-12) market prices for the second quarter (Q2) (July-September) of 2015-16 is estimated at 7.4 per cent as compared to the growth of 7.0 per cent in Q1 of 2015-16, and 7.5 per cent in Q4 of 2014- 15. Growth in the first half (H1) of 2015-16 works out to 7.2 per cent.
- The growth of Gross Value Added (GVA) at constant (2011-12) basic prices for agriculture & allied sectors, industry sector and services sector are estimated at 2.2 per cent, 6.8 per cent and 8.8 per cent respectively in Q2 of 2015-16 as compared to the corresponding rates of 2.1 per cent, 7.6 per cent and 10.4 per cent respectively in Q2 of 2014-15.
- Stocks of food grains (rice and wheat) held by FCI as on September 1, 2015 were 50.8 million tonnes, compared to 57.3 million tonnes as on September 1, 2014.
- Overall growth in the Index of Industrial Production (IIP) was 3.6 per cent in September 2015 as compared to 2.6 per cent in September 2014. On a cumulative basis, for the period April-September 2015-16, the IIP growth was 4.0 per cent as compared to the growth of 2.9 per cent during the same period of the previous year. Manufacturing sector grew by 2.6 per cent in September 2015 and 4.2 per cent in April-September 2015.
- Eight core infrastructure industries grew by 3.2 per cent in September 2015 as compared to growth of 2.6 per cent in September 2014. The cumulative growth of core industries during April-September 2015-16 is 2.3 per cent as compared to growth of 5.1 per cent during April-September 2014-15.
- The growth of money Supply (YoY) in October 2015 was 11.0 per cent, lower than 11.7 percent recorded in the corresponding period a year ago.
- Merchandise exports and imports declined by 17.5 per cent and 21.2 per cent (in US\$ terms) in October 2015 over October 2014. During April-October 2015, merchandise exports and imports declined by 17.6 per cent and 15.2 per cent respectively.
- Foreign exchange reserves stood at US\$ 353.6 billion in 30th October 2015 as compared to US\$ 350.3 billion in end-September 2015 and US\$ 341.6 billion in end-March 2015.
- The rupee appreciated against the US dollar, Pound sterling, Japanese yen and Euro by 1.8 percent, 1.9 per cent, 1.8 per cent and 1.8 per cent respectively in October 2015 over the previous month of September 2015.
  - The WPI inflation for all commodities reached to (-) 3.8 per cent in October 2015 from (-) 4.5 per cent in September 2015. The all India CPI inflation (New Series- Combined) increased to 5.0 per cent in October 2015 from 4.4 per cent in September 2015. The WPI inflation during April-October 2015 averaged (-) 3.5 per cent while inflation as per CPI (Combined) averaged 4.6 per cent during the period.
  - Gross tax revenue during April-September 2015-16 was ₹ 5,96,884 crore, recorded growth of 21.7 per cent over April-September 2014-15.



(Source: [http://finmin.nic.in/stats\\_data/monthly\\_economic\\_report/2015/indoct15.pdf](http://finmin.nic.in/stats_data/monthly_economic_report/2015/indoct15.pdf))

## **The Indian Economy**

With 1.2 billion people and the world's fourth-largest economy, India's recent growth and development has been one of the most significant achievements of our times. Over the six and half decades since independence, the country has brought about a landmark agricultural revolution that has transformed the nation from chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. Life expectancy has more than doubled, literacy rates have quadrupled, health conditions have improved, and a sizeable middle class has emerged. India is now home to globally recognized companies in pharmaceuticals and steel and information and space technologies, and a growing voice on the international stage that is more in keeping with its enormous size and potential.

Historic changes are unfolding, unleashing a host of new opportunities to forge a 21<sup>st</sup>-century nation. India will soon have the largest and youngest workforce the world has ever seen. At the same time, the country is in the midst of a massive wave of urbanization as some 10 million people move to towns and cities each year in search of jobs and opportunity. It is the largest rural-urban migration of this century.

The historic changes unfolding have placed the country at a unique juncture. How India develops its significant human potential and lays down new models for the growth of its burgeoning towns and cities will largely determine the shape of the future for the country and its people in the years to come.

Massive investments will be needed to create the jobs, housing, and infrastructure to meet soaring aspirations and make towns and cities more livable and green. Generating growth that lifts all boats will be key, for more than 400 million of India's people—or one-third of the world's poor—still live in poverty. And, many of those who have recently escaped poverty (53 million people between 2005-10 alone) are still highly vulnerable to falling back into it. In fact, due to population growth, the absolute number of poor people in some of India's poorest states actually increased during the last decade.

Inequity in all dimensions, including region, caste and gender, will need to be addressed. Poverty rates in India's poorest states are three to four times higher than those in the more advanced states. While India's average annual per capita income was \$1,410 in 2011—placing it among the poorest of the world's middle-income countries—it was just \$436 in Uttar Pradesh (which has more people than Brazil) and only \$294 in Bihar, one of India's poorest states. Disadvantaged groups will need to be brought into the mainstream to reap the benefits of economic growth, and women—who “hold up half the sky”—empowered to take their rightful place in the socioeconomic fabric of the country.

Fostering greater levels of education and skills will be critical to promote prosperity in a rapidly globalizing world. However, while primary education has largely been universalized, learning outcomes remain low. Less than 10 percent of the working-age population has completed a secondary education, and too many secondary graduates do not have the knowledge and skills to compete in today's changing job market.

Improving health care will be equally important. Although India's health indicators have improved, maternal and child mortality rates remain very low and, in some states, are comparable to those in the world's poorest countries. Of particular concern is the nutrition of India's children whose well-being will determine the extent of India's much-awaited demographic dividend; at present, an overwhelming 40 percent (217 million) of the world's malnourished children are in India.

The country's infrastructure needs are massive. One in three rural people lack access to an all-weather road, and only one in five national highways is four-lane. Ports and airports have inadequate capacity, and trains move very slowly. An estimated 300 million people are not connected to the national electrical grid, and those who are face frequent disruptions. And, the manufacturing sector—vital for job creation—remains small and underdeveloped.

Nonetheless, a number of India's states are pioneering bold new initiatives to tackle many of India's long-standing challenges and are making great strides towards inclusive growth. Their successes are leading the way forward for the rest of the country, indicating what can be achieved if the poorer states were to learn from their more prosperous counterparts.

India now has that rare window of opportunity to improve the quality of life for its 1.2 billion citizens and lay the foundations for a truly prosperous future—a future that will impact the country and its people for generations to come.

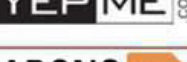
(Source: <http://www.worldbank.org/en/country/india/overview#1>)

## **Growth in Electronic Commerce**

The proliferation of digital internet technology in India coupled with wide scale ownership of devices such as smart

phones, laptops and tablets that support internet usage, have resulted in an unprecedented growth of Electronic Commerce (e-commerce). As incomes are rising and lifestyles are changing, people have little time to spare. E-commerce has leveraged this opportunity and is providing consumers with what they want, with just a few simple clicks, making their shopping experience easier, faster and convenient.

The 5 major Indian clothing and lifestyle e-commerce players along with their earned revenues are presented in the table below:-

Company	Year of Establishment	Reach (in Mn)	Penetration (cities)	Associated Brands	Revenues (in \$ Mn)
	2004	1.2	1,100	150	20
	2007	3.0	1,200	350	100
	2010	3.6	1,200	500	11
	2011	0.5	500	-	30
	2012	1.5	500	500	150

Source: Author's representation, Indian Apparel Market: Current Status and Future Outlook, Wazir Advisors, 2012

Buoyed by the success of e-commerce, Indian textile companies like Arvind Ltd., TT Ltd. and Creative Lifestyles, etc. are exploring the online market through their own e-commerce platforms (eg: Arvind Internet Ltd.). Textiles companies are increasingly looking to build up consumer loyalty by selling their products on their websites and establishing a direct connect with their consumers. (Source: *The Textile & Apparels Industry – Contributing to "Make in India" October 2015 - The Associated Chambers of Commerce and Industry of India*)

**Review of Major Developments in Indian Economy**

In the Advance Estimates of GDP that the Central Statistics Office (CSO) released recently, the growth rate of GDP at constant market prices is projected to increase to 7.6 per cent in 2015-16 from 7.2 per cent in 2014- 15, mainly because private final consumption expenditure has accelerated. Similarly, the growth rate of GVA for 2015-16 is estimated at 7.3 per cent vis-à-vis 7.1 per cent in 2014-15. Although agriculture is likely to register low growth for the second year in a row on account of weak monsoons, it has performed better than last year. Industry has shown significant improvement primarily on account of the surprising acceleration in manufacturing (9.5 per cent vis-à-vis 5.5 per cent in 2014-15). Meanwhile, services continue to expand rapidly.

Even as real growth has been accelerating, nominal growth has been falling, to historically low levels, an unusual trend highlighted in the Mid-Year Economic Analysis (MYEA), 2015-16. According to the Advance Estimates, nominal GDP (GVA) is likely to increase by just 8.6 (6.8) percent in 2015-16. In nominal terms, construction is expected to stagnate, while even the dynamic sectors of trade and finance are projected to grow by only 7 to 73/4 percent.

Inflation remains under control. The CPI-New Series inflation has fluctuated around 5 1/2 percent, while measures of underlying trends core inflation, rural wage growth and minimum support price increases have similarly remained muted. Meanwhile, the WPI has been in negative territory since November 2014, the result of the large falls in international commodity prices, especially oil. As low inflation has taken hold and confidence in price stability has improved, gold imports have largely stabilized, notwithstanding the end of a period of import controls.

Similarly, the external position appears robust. The current account deficit has declined and is at comfortable levels foreign exchange reserves have risen to US\$351.5 billion in early February 2016, and are well above standard norms for reserve adequacy net FDI inflows have grown from US\$21.9 billion in April-December 2014-15 to US\$27.7 billion in the same period of 2015- 16; and the nominal value of the rupee, measured against a basket of currencies, has been steady. India was consequently well-positioned to absorb the volatility from the U.S. Federal Reserve actions to normalize monetary policy that occurred in December 2015. Although the rupee has declined against the dollar, it has strengthened against the currencies of its other trading partners.

The fiscal sector registered three striking successes ongoing fiscal consolidation, improved indirect tax collection efficiency; and an improvement in the quality of spending at all levels of government. Despite the decline in nominal GDP



growth relative to the Budget assumption (11.5 per cent in Budget 2015-16 vis-à-vis 8.6 per cent in the Advance Estimates), the central government will meet its fiscal deficit target of 3.9 per cent of GDP, continuing the commitment to fiscal consolidation. Even on the IMF’s definition, the fiscal deficit is expected to decline from 4.2 per cent of GDP in 2014-15 to 4.0 per cent of GDP in 2015-16. Moreover, the consolidated revenue deficit has also declined in the first 8 months by about 0.8 percentage points of GDP.

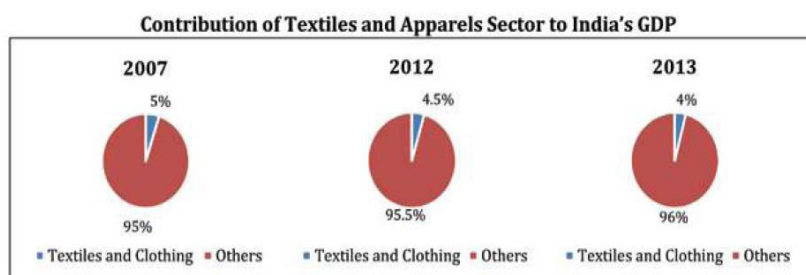
Government tax revenues are expected to be higher than budgeted levels. Direct taxes grew by 10.7 per cent in the first 9 months (9M) of 2015-16. Indirect taxes were also buoyant. In part, this reflected excise taxes on diesel and petrol and an increase in the Swachh Bharat cess. The central excise duty collection from petroleum products during April to December 2015-16 recorded a growth of 90.5 per cent and stood at Rs. 1.3 lakh crore as against Rs. 0.7 lakh crore in the same period last year. Tax performance also reflected an improvement in tax administration because revenues increased even after stripping out the additional revenue measures (ARMs).

The main findings are that a welcome shift in the quality of spending has occurred from revenue to investment, and towards social sectors. Aggregate public investment has increased by about 0.6 per cent of GDP in the first 8 months of this fiscal year, with contributions from both the Centre (54 per cent) and states (46 per cent). (Source: Economic Survey 2015-16)

**Introduction to Textile Industry**

The Indian textile industry, currently estimated at USD 108 billion, is poised to reach USD 223 billion by 2021. It is one of the largest contributors to India’s exports with approximately 11% of total exports worth USD 41.4 billion. Currently, the industry accounts for approximately 5% of India’s GDP and 14% of overall Index of Industrial Production (IIP), thereby emerging as the 2nd largest employer in the country. With abundant availability of raw materials such as cotton, wool, silk, and jute as well as skilled workforce, India offers a favorable market for global retail brands. India, based on its cost-advantage, diverse traditions in textiles and robust supply chain, is capable of delivering high-quality packaged products across the world.

The history of textiles in India dates back to around 3000 BC where the use of mordant dyes and printing blocks was prevalent. The diversity of fibres found in India, intricate weaving on its state-of-the-art manual looms and its organic dyes attracted buyers from all over the world for centuries. However, the industry faced a setback during British colonisation, when the industrial policies destroyed the innovative eco-system and left it technologically impoverished. Independent India saw the building up of textile capabilities, diversification of the product base, and the emergence of the industry, once again, as an important global player. Apart from providing one of the basic necessities of life, the textile industry contributes enormously to industrial output, employment generation and export earnings of the country. As per the Ministry of Textiles, in 2013 the Indian textile industry contributed about 14% to the Index of Industrial Production, 4% to the country’s GDP and 17% to the country’s export earnings. Around 8% of the total excise revenue collection is contributed by the textile industry. (Source: The Textile & Apparels Industry – Contributing to "Make in India" October 2015 -The Associated Chambers of Commerce and Industry of India)



Source: GDP at factor cost, RBI database





## OUR BUSINESS

### Business Overview

We are engaged in the business of cotton processing in textile industry with our production facilities located in cotton growing areas of Marathwada and Vidarbha region at Samangaon which is situated in the Jalna district of State of Maharashtra. We are manufacturer of yarn and we have an existing open end and ring spinning unit to cater to the yarn markets in Maharashtra and Gujarat. Our business is spread among home textiles, weaving sector, Denim Manufactures and hosiery manufacturers through open end yarn and ring spun yarn. We believe that we are manufacturing premium quality 100% cotton combed and carded hosiery/ warp conventional, organic and BCI yarn in count range of 30s Ne to 40s Ne for the purpose of exporting to Asian and European countries.

We were established in year 2006 with a capacity of 13200 spindles with combers in the first phase. Over the years we have expanded upto 16800 spindels with compact, lycra and slub attachment. Addition to this we have set up one open end unit with 1200 Rotors. We believe that we have established a strong customer base and good marketing setup. We have also started our own "Organic Cotton Farming Project and Better Cotton (BCI) Project" in Jalna District, with 4,750 farmers in 13,200 acre of cultivation land and yield capacity of initially 55,000 quintals Kapas (11,000 BCI certified own ginned cotton bales) further expanded upto 40,000 bales per crop seasons in near future.

Our plant is equipped with fully automatic, dust and pollution ,modern colour contamination removal and yarn conditioning systems. Our Company is approved as Mega Project under IPS Scheme 2007 of Maharashtra State Government and is enjoying the same for 8 years. And further for 4 years we will get sanction of Mega project status. Our technical team in spinning is well equipped with modern spinning technology and processing techniques by virtue of which we are able to ensure quality yarn. Operators are committed and they are trained in European training methods for efficient and quality work.

Our Company's operations are supported by modern testing instruments installed in its quality assurance laboratory, includes UT- 5 (Uster Switzerland), HVI, Single Yarn Tester, Aqura Process Control Management (Premium India). Beside of these basic instruments from Stutex, Online Contamination Removal System SIRO facility at Autowinder maintain the contamination free world class premium quality cotton, yarns and garments.

For the year ended March 31, 2016, our Company's Total revenue and restated Profit after Tax were ₹11356.63 Lakhs and ₹322.24 Lakhs, respectively. For the year ended March 31, 2015, our Company's Total Revenue and Restated Loss after Tax was ₹10676.88 Lakhs and ₹225.77 Lakhs respectively.

As of August 25, 2016, the total value of our order book is about Rs. 268 Lacs.

### Our Competitive Strengths

The following are the key strengths which our Company believes enable it to be competitive in its business:

#### 1. *Established marketing set-up*

We are engaged in the processing of textiles since incorporation. Over the years we believe that we have established a strong customer base and good marketing setup. Further, our group has sufficient marketing expertise and wide marketing network, which is and would be channeled for our business and future expansion, if any. We have dedicated divisions for marketing different types of products and for different geographical locations. The sales division and export division are responsible for marketing of our products and fabrics. All the divisions have well trained and adequate teams to handle daily activities and are supervised regularly.

#### 2. *Locational advantage of our manufacturing unit*

Our factory is located in the cotton growing areas of Marathwada and Vidarbha region at Samangaon, 12 km away from Jalna. About seventy five (75%) of the State of Maharashtra's raw cotton production i.e. 50 lakh bales area production is in this zone out of which Jalna district accounts to approx. 5-6 lakh bales. Thus, procurement of these raw materials is less time consuming and comparatively cheaper due to savings on freight. Jalna is connected to various railway station and roads throughout India. Also, ICD Maliwada, Aurangabad is the nearest depot through which export containers are loaded and is directly linked to JNPT and Navasheva ports at Mumbai, which are only



400 km from Jalna. The Central government has recently approved the first dry port of India near Jalna, this will be very much helpful for building up the business activity through overseas market.

### **3. Scalable business model**

Our business model is order driven, and comprises of optimum utilization of our resources processing facilities, maximum capacity utilization, developing linkages with quality raw material suppliers and achieving consequent economies of scale. We believe that this business model has proved successful and scalable for us in the last few financial years. We have been successful in scaling up our business mainly due to the development of new markets, by adopting aggressive marketing of the product, innovation in the product range and by maintaining consistent quality of our products.

### **4. Management expertise**

Our management have adequate and rich experience in the textile business for more than a decade. Our Company is managed by a team of experienced personnel. The team comprises of personnel having operational and business development experience. We believe that our management team's experience and their understanding of the textile industry will enable us to continue to take advantage of both current and future market opportunities. Our Management's experience and knowledge enables us in addressing and mitigating various risks inherent in our business, including competition, reliance on independent contractors, the global economic crisis related effects and fluctuations in the prices.

## **Our Strategies**

The following are the key strategies of our Company for its business:

### **1. Operational excellence**

We continue to invest in operational excellence throughout the organization. We are addressing operational efficiency through continuous process improvement, customer service and technology development. Alignment of our people to 'process improvement' through change management and upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is widespread among all the employees.

### **2. Geographical expansion**

We cater to a large number of clients throughout the country. Our clients are scattered throughout the country. Our Exports are majorly concentrated in Pakistan, Bangladesh, China, Egypt, Tanzania etc. We intend to supply to other countries and also intend to enter other regions of the world over the course of time.

### **3. Good Environmental Practice**

Good environmental practice has always been a prime consideration in our development, leading us to seek practical solutions to avoid the production of waste. Our business activity inevitably has an impact on the environment. We seek to minimize this impact as far as possible by operating a policy of sustainable development and constantly researching new ways to reduce pollution, wastage and the amount of resources used, while recycling as much as we can.

## **Our Products**

The following is an illustrative list of the products that we manufacture in our in-house production facilities.

### **1. Spinning**

- a) Open End Yarn
- b) Ring Yarn

### **2. Ginning and Pressing**

- a) Cotton Bales
- b) Cotton Seed

**Manufacturing Unit/ Storage Units**

Our Company’s manufacturing facility is spread across 48 acres of land. In addition to the manufacturing units, our Company also has storage facilities as set out below:

No.	Particulars	Description
1.	30,000 Square feet (Sq. ft.) RCC Platform	Raw Cotton Storage
2.	40,000 Square feet (Sq. ft.) RCC Storage area	Cotton seed covered in tin shade
3.	11,000 Square feet (Sq. ft) covered tin shade godown	Storage of cotton bales
4.	10,000 Square feet (Sq ft) RCC shaded storage area	Yarn

Further, we have installed a forty (40) Ton capacity weigh bridge generating computerized weigh slip.

**Our Existing capacities to manufacture yarn**

Activity	Machines	Capacity per day	Capacity per annum
Spinning	Open End	6500 Kgs	2340000 kgs
	Ring frame	7200 Kgs	2592000 kgs
Ginning and Pressing	48 DR	2000 Qtl of Raw Cotton i.e. 400 Bales Per day	250000 Qtl Raw cotton process i.e. 50000 Bales

**Our Proposed capacities (Expansion) to manufacture open end yarn**

Activity	Machines	Capacity per day	Capacity per annum
Spinning	Open End	9500 Kgs	342000 kgs

**Manufacturing division of our Company**

**1. Spinning Division**

Spinning Division of our company is a forward integrated. The installed capacity of Spinning division is of 16,800 spindles & 1200 Open End Rotors.

Spinning plant is equipped with state-of-art, latest machineries of international repute. Blow-Room with modern colour contamination removal system and cards from Turmac/Trutzschler Germany, preparatory set- up from Rieter Textiles Switzerland, speed frames from Zinser Germany, Long high speed Auto- Doff Ring frames KTTM Japan, Auto- Winder 338 with Loepfe EYC Gauge from Schlafhorst Switzerland, fully automatic dust and pollution free plant from LUWA humidification Switzerland and latest yarn conditioning system from Sieger



## **2. Ginning and Pressing Division**

We produce quality lint cotton in our own Ginning and Pressing Unit. The installed capacity of Ginning and Pressing plant is 48 double roll ginning machine. The plant is fully automatic and rated four star by Textile committee, Ministry of Textiles through TMC project. Plant is equipped with latest and best quality Ginning and Pressing machneries capable to produce 400 cotton bales per day. The plant have most modern automatic Bajaj make Ginning and Processing unit with 48 automatic double roll gin machine, which can process 2,50,000 quintals raw cotton during season. Pressing capacity is 50,000 cotton bales per season. We manufacture quality pesticide free organic and non- organic cotton bales. Every bales from our production is tested by quality testing instruments like HVI, provides a consistency in quality throughout the crop season. We use BT technology which has grined tremendous popularity and its superiority over S-6 (Gujarat) cotton in terms of trash %, nep level, degree of contamination, dye uniformity and absorption etc has been well recognized b neighbouring countries such as China, Pakistan and Bangladesh in past three years



### **Our Manufacturing Process**

#### **Manufacturing Process for Existing Ring Spinning**

Ring spinning is normally favoured for finer counts of yarn. Different varieties of Cotton received in bales, are opened manually as well as through machines. Cotton comes in different varieties are mixed based on the quality, type and application of the yarn required to be produced. Mixing is done using blending machines. The blended cotton is fed into the Blow Room machine. This machine opens the cotton by use of air pressure resulting into all trash getting separated in the form of droppings. The clean cotton is automatically transferred to Carding machines. Carding machine further purifies by removing any left-over impurities and makes sliver from the cotton. The sliver is taken to Draw Frames, which is essentially used for drawing and doubling of sliver to reduce variation in mass per unit length of this sliver. The sliver is then taken to another machine that makes sliver lap by bringing together several slivers to form a bedding of sliver. This is called Sliver Lap. The Sliver Lap is further processed on Ribbon Lap machine, which is finally fed to the combing machine to produce combed sliver (if combed yarn is required to be produced). The combing machine is used to separate all cotton fibers that are shorter than the desired length. It holds the lap at one end and then literally combs through a fixed distance of fiber fringe. Those fibers that are shorter than this fixed length get dropped and the lap having the remaining fibers of the desired length is accepted. The process is repeated for the entire length of the lap. The combed sliver is taken to a draw frame again so that the sliver could be made of the requisite fineness, which is determined by the count of the yarn required to be produced. This is called the Finisher Draw Frame. The drawn sliver is taken to the Speed Frame to produce Roving. Since the final output of the yarn on Ring Spinning machine would be of finer counts, it is necessary to literally spin the yarn by increasing the fineness of the sliver (which naturally increases the length) before it can be taken for final spinning. This action is performed by Speed Frame. Roving produced on Speed Frame is taken to Ring Frames for spinning into yarn of the requisite count.

Our manufacturing process depend upon the supply of various types of yarns depening upon the quality and specifications of fabrics required by our customers.

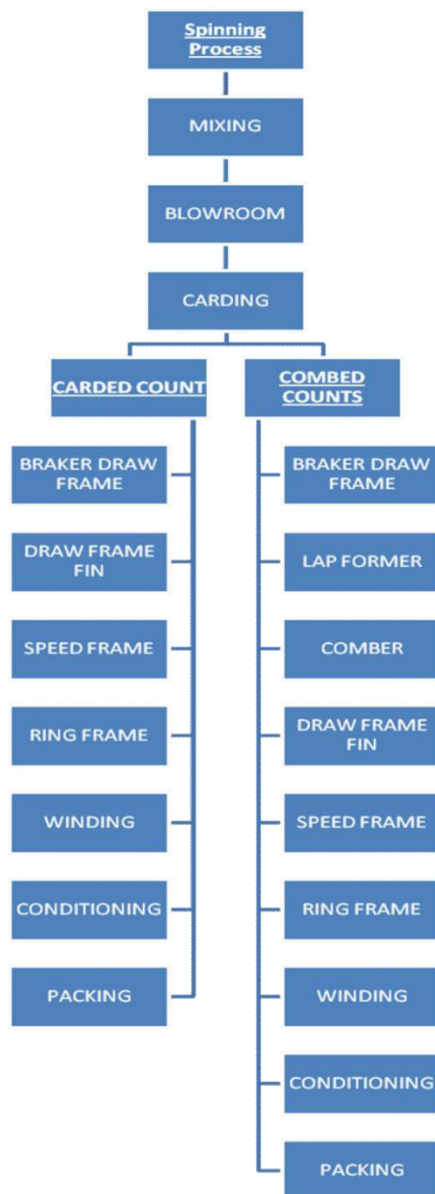
We procure raw materials both from our domestic markets. Post procurement of raw materials, the manufacturing process is expedient in the following manner.

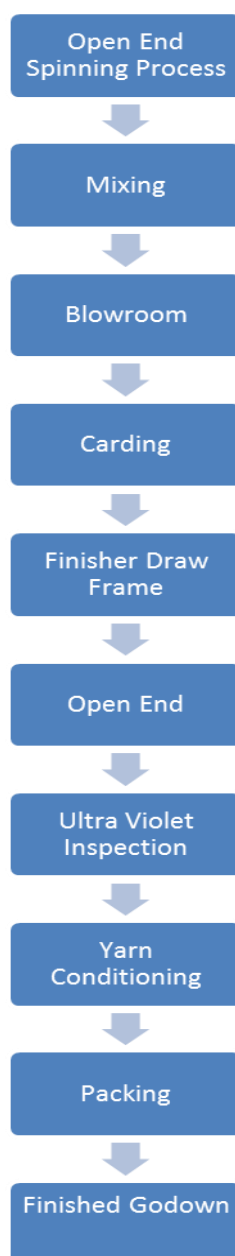
**Process Flow Chart of the Spinning process**

**Manufacturing Process for Existing Open End Spinning:**

The open end spinning is one of the most modern method in spinning technology. Waste Cotton along with Flat Strips, Droppings and other ingredients are mixed according to the Specified proportion to arrive at the necessary material namely Processed Cotton. The mixing varies depending upon the count required. Mixing is done using blending machines. The blended cotton is fed into the Blow Room machine. This machine opens the cotton mixing by use of air pressure resulting into all trash getting separated in the form of droppings. The clean cotton is automatically transferred to Carding machines. Carding machine further purifies by removing any left-over impurities and makes sliver from the cotton. The sliver is taken to Draw Frames, which is essentially used for drawing and doubling of sliver to reduce variation in mass per unit length of this sliver. The sliver is then fed into the OPEN END SPINNING machine where the final Yarn (Count) is produced. The yarn in Cheeses are packed based on weight and then despatched.

**Process Flow Chart of the Open End Process**





## Plant & Machinery

### Spinning Division

Department	Machine Make	Modal	Number of Machines
Blow Room	Trumac India	BO-A-MFC-MPM-ASTACVT1-LVSA-B	1 LINE
Carding	Trumac Truetzchlar	DK -800	03 NOS
Carding	Trumac Truetzchlar	TC-5/3	05 NOS
Draw Frame (Breaker)	Rieter	SB-D 40	02
Lap Former	Rieter	UNILAP E-32	01 NOS
Comber	Rieter	COMBER E-65 COMBER E-66	05 NOS 01 No
Draw Frame (Finisher )	Rieter	RSB-D-40	03 NOS
Speed Frame	Zinser	68 I	03 NOS



Department	Machine Make	Modal	Number of Machines
Speed Frame	Electrojet	ROVOMATIC	01 NOS
Ring Frame (Auto Doffer ) 1200 Spindles	Kttm	RXI 240 e	14 NOS
Winding	Schlafhorst	AC 338 & AC5	5 NOS
Yarn Conditioning	Sieger		01 NOS
Slub Yarn 30's /40's Count	Softech	COTMAGIC	2 NOS
Compact Yarn 40's Count	Sussen (Germany)	ELITE	4 NOS
Lycra Yarn 30's/ 40's Spandex Yarn	Pinter		01 NOS

### Open End Spinning:

Department	Machine make	Modal	No.of machines
Blow Room	Trumac India	BO-A-MFC-MPM-ASTACVT1-DUSTEX	1 LINE
Carding	Trumac Truetzchlar	TC-11 DK-800	TC-11 – 2 Nos DK-800 – 1 No
Draw Frame (Breaker)	Rieter	RSB D-45	02
Open End Machine Bd448,192 Rotor	Schalfhorst-Oerlikon	BD-448	02
Open End Machine Bd 448, 272 Rotor	Schalfhorst-Oerlikon	BD-448	03

### Ginning Division

The flow of the manufacturing can be depicted as below:

- Heaping of Raw Cotton on cotton Platform
- Passing of the Raw Cotton through Suction System through Blower for Pre Cleaning
- Passing on cleaned cotton to DR Machines for Ginning through Screw Conveyor
- Separation of Cotton Seed and transporting it out of the Gin House and Separation of Lint and transportation of it to Pala House through pneumatic systems
- Transfer of Lint from Pala House to Press House through Lint Suction System
- Pressing of Lint and Packing into Bales
- Transporting of Bales to the Purchasers

### Collaborations/tie ups/ joint ventures

Our Company does not have Collaboration/Tie Ups/ Joint Ventures as on the date of this Draft Prospectus.

### Sales and marketing

Around forty percent (40%) of our production is utilized for our spinning mill and rests of the bales are sold in the market.

We believe that the demand for our products will remain high in the coming years. Our Company is initially concentrating in selling the product through brokers. Most of the yarn manufacturers are selling through the brokers and they relieve themselves from the onus of marketing. As our Company is having the state of art technology, the brokers will prefer to purchase from this Company as they will have better quality output.

Marketing is an important function of our organization. Our success lies in the strength of our relationship with our customers who have been associated with our Group since a long period in time.

### Marketing Strategy

We intend to focus on following marketing strategies:



1. Focus on existing markets.
2. Continuously holding markets Trends.
3. Supply of Quality Products.
4. Fulfillment of Order Quantity.

**Competition**

We face substantial competition for our products from other manufacturers in domestic market. Our competition varies for our products and regions. Some of our major competitors are:

**Power**

The requirement of power for our operations is met through M.S.E.B. where the plants are located and from generator sets.

Name Of Electric Supplying Company	Total Meter in Factory	Electricity		Sanctioned Electricity Load	
		Consumer No.	Meter No.	Unit Of Measurement (HP/KHh/Others)	Quantity
MSEDCL	2	510019008810	055MPU09622	KVA	1400

**Water**

Our water requirement is for production process and for general purpose also. Water requirement is fulfilled through open well at factory site and through bore well.

**Human Resource**

We have experienced Promoter and management whom we rely on to anticipate industry trends and capitalize on new business opportunities that may emerge. We believe that a combination of our reputation in the market, our working environment and competitive compensation programs allow us to attract and retain these talented people. Our senior management team consists of experienced individuals with diverse skills in manufacturing, engineering, and finance. We believe that our employees are the key to the success of our business. We focus on hiring and retaining employees and workers who have prior experience in the Textile industry. We view this process as a necessary tool to maximize the performance of our employees. We also enjoy cordial relations with our employees and there has been no union formed by our employees in our plants till date. Further, there have been no strikes, lock-out or any labour protest in our organization since inception. There are two nearby spinning mills, managed by the Co-operative sector located within 20 kms so the availability of a trained labour is assured.

As on July 31, 2016 we have the total strength of 221 (On pay roll and contracted workers) & 47 (Employee & Staff) in various departments. The details of which is given below:

No.	Particular	Employees
1.	Managerial	7
2.	Head of Departments (HOD)	6
3.	Staff	15
4.	Technical	19
5.	Workers	221
<b>Total</b>		<b>268</b>

**Insurance**

We maintain insurance policies in respect of our business, operations, products and workforce. We have obtained standard fires and perils policies in respect of the buildings, plant and machinery, stocks of goods, raw material and office equipment in our manufacturing facilities. We maintain marine open policy. In respect of our workforce, we maintain


workman compensation policy.

**Immovable Properties of our Company**

Our registered office is located at Samangaon- Kajla Road, in front of Meenatai Thakare Vridhashram, Samangaon Jalna 431203, India, which is owned by us. Additionally, our manufacturing facility is situated on the same land.

**Intellectual Property**

Our Company has a registered trademark and has made an application for registration of one of its trademarks before the Trademarks Registry, details of which are set out below:

No.	Trademark	Logo	Registration/ Application No.	Class	Registration/ Application Date	Status/ Validity
1.	GO-COOL		1784926	25	February 13, 2009	February 13, 2019
2.	Green (Device)	[•]	1829624	25	June 16, 2009	Objected

## KEY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The regulations set below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. The Company sets forth below are certain significant legislations and regulations which generally govern the plastic industry in India:

### Legislations related to the Textile Industry:

#### 1. Amended Technology Up-Gradation Fund Scheme (ATUFS)

Ministry of Textiles, Government of India has notified Amended Technology Up gradation Fund Scheme by way of a notification dated January 13, 2016. 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 MSMEs units which will be as per ministry of MSME or 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.

#### 2. National Textile Policy – 2000 ("NTxP – 2000")

The Government of India in November 2000 announced the National Textile Policy – 2000, thereby replacing the previous Textile Policy of 1985. Though it is to be noted that a revised national textile policy is in the framework stage, however the same is yet to be notified. The main objective of the NTxP – 2000 was to enable the industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. It aimed at achieving textiles and apparel exports of upto \$ 50 billion by 2010 from the present \$ 11 billion. The NTxP – 2000 took note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets by the end of 2004.

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

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

**Industrial and Labour Laws:****1. Factories Act, 1948**

The Factories Act, 1948 regulates occupational safety, health and welfare of workers of the industries, in which 10 or more workers are employed on any day of the preceding 12 months and are engaged in the manufacturing process being carried out with the aid of power. The ambit of the Factories Act includes provisions as to the approval of factory building plans before construction or extension, investigation of complaints, maintenance of registers and the submission of yearly and half-yearly returns

**2. Employees State Insurance Act, 1948**

The Employees State Insurance Act, 1948, as amended (the "*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. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

**3. The Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- On his/her superannuation; or
- On his/her retirement or resignation; or
- On his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

**4. The Shops and Establishment Act, 1948**

The Shops and Establishment Act, 1948 governs a company in the states where it has offices/godowns. It regulates the conditions of work and employment in shops and commercial establishments and generally prescribes obligations in respect of registration, opening and closing hours, daily and weekly working hours, health and safety measures, and wages for overtime work.

**5. The Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or `100, whichever is higher.

**6. Employees' Provident Funds and Miscellaneous Provisions Act, 1952**

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme" and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

7. **Industrial Disputes Act, 1947**

The Industrial Disputes Act, 1947 makes provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

8. **Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act.

9. **Employment (Standing Orders) Act, 1950**

The Industrial Employment (Standing Orders) Act, 1946 requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by such employer in the prescribed manner. However until the draft standing orders are certified, the prescribed standing orders given in the Standing Orders Act must be followed.

**Environmental Regulations:**

1. **Hazardous Waste (Management and Handling) Rules, 1989**

The Hazardous Wastes (Management and Handling) Rules, 1989 provides for control and regulation of hazardous wastes as defined under the Rules discharged by the operations of undertakings. Prior consent of the Pollution Control Board must be obtained for any new outlet or unit, likely to discharge sewage or effluent.

2. **Water (Prevention and Control of Pollution) Act, 1974**

The Water Act was enacted in 1974 in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an Industrial Undertaking it applies to the (i) Occupier (the owner and management of the undertaking) (ii) Outlet (iii) Pollution and (iv) Trade effluents. The Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

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

The Air (Prevention and Control of Pollution) Act 1981 has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in the state.

4. **Environment Protection Act, 1986**

The three major statutes in India, which seek to regulate and protect the environment against pollution related activities in India are the Water Act, the Air Act, and the Environment Protection Act, 1986 (the "**EPA Act**"). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, the pollution control boards (the "**PCBs**") which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in



question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

#### **Taxation Statutes:**

##### **1. Income Tax Act, 1961**

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

##### **2. Central Sales Tax**

The main object of this Act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

##### **3. Value Added Tax**

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

#### **Intellectual Property Laws:**

##### **1. Trade Marks Act, 1999**

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

#### **Foreign Investment Regime:**

1. Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act ("**FEMA**"), and the rules, regulations and notifications thereunder, as issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the Foreign Investment Promotion Board ("**FIPB**") is required for activities to be carried out by foreigners in India. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the



automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. At present, FDI in the Indian manufacturing sector is permitted up to 100% through the "automatic route", which does not require prior approval of the GoI or the RBI.

## HISTORY AND CERTAIN CORPORATE MATTERS

### History and Background

Our Company was incorporated on October 07, 2005 as Mauli Cotspin Private Limited under the provisions of the Companies Act, 1956 with Certificate of Incorporation issued by the Registrar of Companies Maharashtra Mumbai on October 19, 2005 with Registration Number 156866. Subsequently, the name of our Company was changed from Mauli Cotspin Private Limited to Laxmi Cotspin Private Limited and a Fresh Certificate of Incorporation was issued by the Registrar of Companies Maharashtra Mumbai on October 12, 2007 bearing Corporate Identity Number (CIN) U17120MH2005PTC156866.. Further, our Company was converted into a public limited company pursuant to special resolution passed at the Extra Ordinary General Meeting of our Company held on February 07, 2011 and the name of our Company was changed to Laxmi Cotspin Limited and a Fresh Certificate of Incorporation dated March 7, 2011 was issued by the Registrar of Companies Maharashtra Mumbai now bearing CIN U17120MH2005PLC156866.

### Changes in registered office of our Company since incorporation

We set out below the changes in registered office of our Company since inception which has been changed for administrative convenience of our Company.

Date of Board/ Shareholders resolution/ Postal Ballot	From	To	Purpose
On Incorporation	570, Vrindavan, College Road, Jalna, 431203, India	--	--
September 15, 2006 (EGM)	570, Vrindavan, College Road, Jalna, 431203, India	Ground Floor, Room No.27, Cotton Exchange Building, Cotton Green, Mumbai 400033, India. ,	To increase operational efficiency
November 01, 2007 (EGM)	Ground Floor, Room No.27, Cotton Exchange Building, Cotton Green, Mumbai 400033, India. ,	Gut No.399, Samangaon-Kajla Road, in front of Meenatai Thakare Vridhashram, Samangaon, Jalna, 431203, India.	To increase operational efficiency

### Key Milestones

Year	Key Milestones
2005	Incorporation of our Company
2011	Conversion of our Company from 'private company' to 'public company' w.e.f March 07, 2011

### Main Objects

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. To carry on the business of cotton ginning & pressing and to work as spinners and doublers, weavers and manufacturers of yarns, cloth, fabric and garments either from cotton or from any other material including synthetic and polyesters yarns, silks, and art silks, woolens and other materials and to work as buyers, sellers, traders, importers and exporters of cotton, yarns, cotton bales, cotton seeds, cloth and garments.
2. To carry on the business of dyers, printers and bleachers of yarns, cloths, fabrics, cotton, wools, silks, and arts silks and other staplers, fibers and materials.

### Amendments to the Memorandum of Association of our Company

Since the incorporation of our Company, the following changes have been made to the Memorandum of Association:

No.	Date of Amendment / Shareholders Resolution	Amendment
1.	February 4, 2006 (EGM)	<u>Increase in authorized share capital:</u> Increase in Authorised Share Capital from ₹10,00,000 comprising of 1,00,000 Equity Shares of ₹10 each to ₹6,00,00,000 comprising of 60,00,000 Equity Shares of ₹10 each.
2.	February 20, 2010 (EGM)	<u>Increase in authorized share capital:</u> Increase in Authorised Share Capital from ₹6,00,00,000 comprising of 60,00,000 Equity Shares of ₹10 each to ₹15,00,00,000 comprising of 1,50,00,000 Equity Shares of ₹10 each.
3.	March 21, 2010 (EGM)	<u>Increase in authorized share capital:</u> Increase in Authorised Share Capital from ₹15,00,00,000 comprising of 1,50,00,000 Equity Shares of ₹10 each to ₹20,00,00,000 comprising of 2,00,00,000 Equity Shares of ₹10 each.
4.	March 21, 2010 (EGM)	<u>Increase in authorized share capital:</u> Increase in Authorised Share Capital from ₹20,00,00,000 comprising of 2,00,00,000 Equity Shares of ₹10 each to ₹40,00,00,000 comprising of 4,00,00,000 Equity Shares of ₹10 each.
5.	February 7, 2011 (EGM)	<u>Increase in authorized share capital:</u> Increase in Authorised Share Capital from ₹20,00,00,000 comprising of 2,00,00,000 Equity Shares of ₹10 each to ₹40,00,00,000 comprising of 4,00,00,000 Equity Shares of ₹10 each.
6.	February 07, 2011	<u>Change in object clause of the MoA:</u> Clause III(A)1 of the Memorandum of Association was deleted and substituted with the following paragraph: <i>"III(A)(1) To carry on the business of cotton ginning &amp; pressing and to work as spinners and doublers, weavers and manufacturers of yarns, cloth, fabric and garments, either from cotton or from any other material including synthetic and polyester yarn, silks, and art silks, woollens and other materials and to work as buyers, sellers, traders, importers and exporters of cotton, yarns, cotton bales, cotton seeds, cloth and garments.</i>

### Other Details Regarding our Company

For information on our activities, services, products, growth, technology, marketing strategy, our standing with reference to our prominent competitors and customers, please refer to sections titled "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 90, 85, and 165, respectively of this Draft Prospectus. For details of our management and managerial competence and for details of shareholding of our Promoters, please refer to sections titled "Our Management" and "Capital Structure" beginning on pages 108 and 45 respectively of this Draft Prospectus.

### Time and Cost Overrun in setting-up of projects

Considering the nature of business activities, our Company has not experienced any time or cost overrun in the past.

### Strikes or Labour Unrest

Our Company has not lost any time on account of strikes or labour unrest as on the date of this Draft Prospectus.

### Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

There are no defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity in



relation to our Company.

**Details regarding acquisition of business /undertakings, mergers, amalgamation, revaluation of assets etc.**

There are no mergers, amalgamation, revaluation of assets etc. with respect to our Company as on the date of this Draft Prospectus.

**Injunction or restraining order**

Our Company is not operating under any injunction or restraining order.

**Capital raising (Debt / Equity)**

Except as set out in the sections titled "Capital Structure" and "Financial Indebtedness" beginning on pages 45 and 161 respectively of this Draft Prospectus, our Company has not raised any capital in the form of Equity Shares or debentures.

**Changes in the activities of our Company during the last five (5) years**

There have been no changes in the activity of our Company during the last five (5) years preceding the date of this Draft Prospectus, which may have had a material effect on the profits or loss, including discontinuance of the lines of business, loss of agencies or markets and similar factors of our Company.

**Revaluation of Assets**

Our Company has not revalued its assets as on the date of this Draft Prospectus.

**Shareholders of our Company**

As on the date of this Draft Prospectus, our Company has thirty three (33) shareholders. For further details in relation to the current shareholding pattern, please refer to section titled "Capital Structure" beginning on page 45 of this Draft Prospectus.

**Holding Company**

Our Company does not have a holding company as on the date of this Draft Prospectus.

**Subsidiary (ies) of our Company**

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

**Collaboration Agreements**

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

**Shareholders Agreements**

Our Company has entered into any shareholders agreement as on the date of this Draft Prospectus.

**Material Agreements**

Our Company has entered into any material agreement, other than the agreements entered into by it in normal course of its business.

**Joint Venture Agreement**

Our Company has not entered into any material joint venture agreements except as disclosed under this section.



**Other Agreements**

Our Company has not entered into any other material agreements, other than in the normal course of its business.

**Non-Compete Agreement**

Our Company has not entered into any Non-compete Agreement as on the date of this Draft Prospectus.

**Strategic Partners**

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

**Financial Partners**

Our Company does not have any financial partners as on the date 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 twelve (12) Directors. Currently, our Company has six (4) Directors out of which three (3) are Non-Executive Directors. The following table sets forth details regarding the Board of Directors as on the date of this Draft Prospectus:

Name, Father's Name, Nature of Directorship, Residential Address, Date of Appointment/ Re-appointment, Term, Period of Directorship, Occupation, and DIN	Nationality	Age	Other Directorships as on the date of this Draft Prospectus
<p><b>Mr. Sanjay Rathi</b></p> <p><u>Father's Name:</u> Mr. Kachrulal Sakharam Rathi</p> <p><u>Nature of Directorship:</u> Chairman and Managing Director</p> <p><u>Residential Address:</u> A-60, Gate No. 2, Pritisudha Nagar, Mantha Road, Jalna 431203, India.</p> <p><u>Date of Re-Appointment:</u> December 20, 2015</p> <p><u>Term:</u> Five (5) years w.e.f. December 20, 2015, Liable to retire by rotation</p> <p><u>Occupation:</u> Business</p> <p><u>DIN:</u> 00182739</p>	Indian	50 years	<p><u>Public Limited Entities:</u></p> <p>Nil</p> <p><u>Private Limited Entities:</u></p> <ul style="list-style-type: none"> <li>▪ Vitthal Polypack Private Limited</li> </ul> <p><u>Foreign Entities:</u></p> <p>Nil</p>
<p><b>Mr. Bhavesh Patel</b></p> <p><u>Father's Name:</u> Mr. Rameshbhai Patel</p> <p><u>Nature of Directorship:</u> Additional Executive Director</p> <p><u>Residential Address:</u> Swamy, Ajanta Nagar, Devalgaonraja Road, Jalna 431203, India.</p> <p><u>Date of Appointment:</u> June 06 ,2016</p> <p><u>Term:</u> To be regularize in the AGM</p> <p><u>Occupation:</u> Business</p> <p><u>DIN:</u> 00227522</p>	Indian	38 years	<p><u>Public Limited Entities:</u></p> <p>Nil</p> <p><u>Private Limited Entities:</u></p> <ul style="list-style-type: none"> <li>▪ Vikram Tea Processor Private Limited</li> <li>▪ Trinity Snacks Private Limited</li> <li>▪ J. K. Securities Private Limited</li> <li>▪ Lotus Centre for Professional Studies &amp; Research Private Limited</li> <li>▪ Bhaishree Foods Private Limited</li> <li>▪ J.K Commodities and Services Private Limited</li> <li>▪ Bhaishree Bakery and Foods Products Private Limited</li> <li>▪ Bhaishree Education Foundation</li> </ul> <p><u>Foreign Entities:</u></p> <p>Nil</p>
<p><b>Mr. Shivratn Mundada</b></p> <p><u>Father's Name:</u> Mr. Shrigopal Ganeshlal</p>	Indian	52 years	<p><u>Public Limited Entities:</u></p> <p>Nil</p>

Name, Father's Name, Nature of Directorship, Residential Address, Date of Appointment/ Re-appointment, Term, Period of Directorship, Occupation, and DIN	Nationality	Age	Other Directorships as on the date of this Draft Prospectus
<p>Mundada</p> <p><u>Nature of Directorship:</u> Non-Executive and Non-Independent Director</p> <p><u>Residential Address:</u> Shrigopal Smruti, Manik Nagar Sambhaji Nagar Jalna 431203, India.</p> <p><u>Date of Re-Appointment:</u> December 20, 2015</p> <p><u>Term:</u> Liable to retire by rotation</p> <p><u>Occupation:</u> Business</p> <p><u>DIN:</u> 00349668</p>			<p><u>Private Limited Entities:</u></p> <ul style="list-style-type: none"> <li>▪ Saptrishi Suppliers Private Limited</li> <li>▪ Rajuri Paints Private Limited</li> </ul> <p><u>Foreign Entities:</u></p> <p>Nil</p>
<p><b>Mr. Rajesh Bansal</b></p> <p><u>Husband's Name:</u> Mr. Puranmal Teluram Bansal</p> <p><u>Nature of Directorship:</u> Non-Executive and Non Independent Director</p> <p><u>Residential Address:</u> Rajesh Vastra Bhandar, Main Road, Mantha, Jalna: 431504, Maharashtra, India.</p> <p><u>Date of Appointment:</u> September 25, 2006</p> <p><u>Term:</u> Liable to retire by rotation</p> <p><u>Occupation:</u> Business</p> <p><u>DIN:</u> 00272612</p>	Indian	56 years	<p><u>Public Limited Entities:</u></p> <p>Nil</p> <p><u>Private Limited Entities:</u></p> <ul style="list-style-type: none"> <li>▪ RTCAMP Solutions Private Limited</li> </ul> <p><u>Foreign Entities:</u></p> <p>Nil</p>

#### **Family Relationships between the Directors**

None of the directors of our Company have family relationships.

#### **Brief Biographies of the Directors**

1. **Mr. Sanjay Rathi**, aged 50 years, is the Chairman and Managing Director of our Company. He holds a Diploma in Business Administration from the University of Babasaheb Ambedkar Marathwada and B.com degree from the University of Babasaheb Ambedkar Marathwada. He is having overall experience of 29 years in the spinning and ginning industry. He is the Chairman and founder of Mahesh Co-op Society. He is instrumental in development and implementation of strategies for the growth of our Company He is primarily looks into formulating strategies in relation to procurement production and financing
2. **Mr. Bhavesh Patel**, aged 38 years, is the Additional Executive Director of our Company. He has more than 15



years of experience in the industry and is responsible for organising and planning of our Company.

3. **Mr. Shivratn Mundada**, aged 52 years, is the Non Executive and Non-Independent Director of our Company. He holds a Diploma in Mechanical Engineering from the University of Babasaheb Ambedkar Marathwada. He is having more than 25 years of experience in various fields. Mr. Mundada has contributed to the growth and expansion of our Company since its incorporation
4. **Mr. Rajesh Bansal**, aged 56 years, is the Non Executive Director of our Company. He is 8<sup>th</sup> grade pass and having more than 25 years of experience in various fields. He is looking after company's policies related to Strategies Formulation, Procurement, Production and Financing.

#### **Arrangements with major Shareholders, Customers, Suppliers or Others**

There are no arrangements or understanding between major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or member of a senior management as on the date of this Draft Prospectus.

#### **Service Contracts**

Our Company has not executed any service contracts with its directors providing for benefits upon termination of their employment.

#### **Common directorships of the Directors in companies whose shares are/were suspended from trading on the NSE and/ or the NSE for a period beginning from five (5) years prior to the date of this Draft Prospectus**

None of the Directors are/ were directors of any company whose shares were suspended from trading by Stock Exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five (5) years.

#### **Director's association with the Securities Market**

None of the Directors of our Company are associated with securities market.

#### **Common directorships of the Directors in listed companies that have been/were delisted from stock exchanges in India**

Except for the details mentioned under section titled "Other Regulatory and Statutory Disclosures" beginning on page 182 of this Draft Prospectus, none of the Directors are/ were directors of any entity whose shares were delisted from any Stock Exchange(s).

Further, none of the directors are/ were directors of any entity which has been debarred from accessing the capital markets under any order or directions issued by the Stock Exchange(s), SEBI or any other Regulatory Authority.

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

The Articles, subject to the provisions of Section 180(1)(c) of the Companies Act, 2013 authorize the Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of our Company. The shareholders have, pursuant to a resolution passed at the Annual General Meeting held on August 30, 2016, in accordance with Section 180(1)(c) of the Companies Act, 2013 authorized the Board to borrow monies from time to time, such sums of money even though the money so borrowed together with money already borrowed exceeds the aggregate of the paid-up capital and free reserves of the Company provided, however, that the total borrowing (apart from the temporary loans taken from the company's bankers) shall not exceed 10000 lakhs.

#### **Remuneration to Executive Directors**

The compensation payable to our Managing Director will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 2 (54), 2(94), 188, 196, 197, 198 and 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof or any of the provisions of the Companies Act, 1956, for the time being in force)



1. Mr. Sanjay Rathi

Particulars	Remuneration
Basic Salary	₹42,00,000 per annum inclusive of all perquisites with effect from July 01, 2016
Designation	Managing Director
Appointment as a Managing Director	Five (5) years <i>with effect from December 20, 2015</i>
Perquisites	<ul style="list-style-type: none"> <li>▪ Washing allowance subject to the maximum % of salary.</li> <li>▪ Medical allowance subject to the maximum % of salary.</li> <li>▪ Children Education allowance subject to the maximum % of salary.</li> <li>▪ Reimbursement of medical expenses of the Managing Director and his family to the total cost of which does not exceeding the 10% of the salary in the year and 30% salary in the block of three year.</li> <li>▪ Leave travel assistance: Expenses incurred for self and family subject to maximum % of salary.</li> <li>▪ Contribution to provident fund, pension and super annuation fund: the company's contribution to provident fund and superannuation fund as per rules of the company.</li> <li>▪ Gratuity: As per rules of the company, subject to maximum ceiling as may be prescribed under the payment of gratuity act from time to time.</li> <li>▪ Leave encashment: At the end of the tenure of the office in accordance with the company's rules.</li> <li>▪ Car along with driver.</li> </ul>
Remuneration paid for F.Y. 2015-2016	₹30,00,000 per annum

**Payment or benefit to Non-Executive Directors of our Company**

Apart from the remuneration of our Executive Directors as provided under the heading "Compensation to Managing Director" above, our Non-Executive Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act, 2013 and the Rules made there under and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

**Shareholding of Directors in our Company**

The details of the shareholding of our Directors as on the date of this Draft Prospectus are as follows.

No.	Name of the Shareholder	No. of Equity Shares	Percentage of Pre-Offer Capital (%)	Percentage of Post-Offer Capital (%)
1.	Mr. Sanjay Rathi	84,375	0.49	0.49
2.	Mr. Rajesh Bansal	9,13,125	5.33	5.33
3.	Mr. Shivratan Mundada	46,197	0.27	0.27
4.	Mr. Rameshbhai Patel	22,51,563	13.13	13.13

**Interests of our Directors**

Our Directors may be deemed to be interested to the extent of the remuneration paid to them or services rendered as a Director of our Company and reimbursement of expenses payable to them. For further details, please refer to sub-section "Remuneration to Executive & Non-Executive Directors" above. In addition, as on the date of this Draft Prospectus, our Managing Director receives professional fees from our Company in terms of the proviso to Section 197(4) of the Companies Act. For further details, please refer to section titled "Our Promoters and Promoter Group" beginning on page 115 of this Draft Prospectus.

Further, none of our Directors have any interest in any property acquired by our Company within two (2) years of the date of this Draft Prospectus or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building. Further, except as disclosed under sub-section "Shareholding of Directors in our Company" above, none of our Directors hold any Equity Shares, Preference Shares or any other form of securities in our Company. Our Directors may



also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Issue.

Other than as stated above and except as stated in the sections titled "Financial Information" and "Our Promoters and Promoter Group" beginning on pages 126 and 115 respectively of this Draft Prospectus, our Directors do not have any other interest in the business of our Company.

None of the relatives of our Directors have been appointed to a place or office of profit in our Company. For further details, please refer to section titled "Our Management – Remuneration to Executive Directors" beginning on page 110 of this Draft Prospectus.

Our directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and /or trustees pursuant to this Issue. Some of the directors also hold directorships in Promoter Group and Group Entities of our Company.

Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Except as stated in this section "Our Management " or the section titled "Financial Information - Related Party Transactions" beginning on pages 108 and 126 respectively of this Draft Prospectus, and except to the extent of shareholding in our Company, our Directors do not have any other interest in the business of our Company.

### **Changes in our Company's Board of Directors during the last three (3) years**

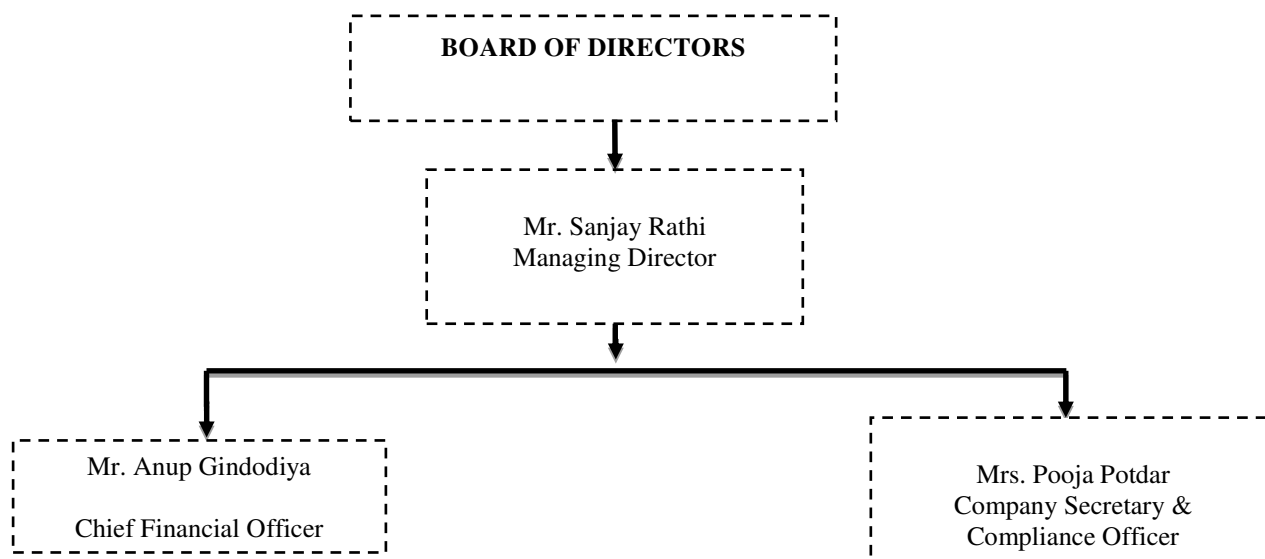
The changes in the Board of Directors of our Company in the last three (3) years are as follows:

<b>No.</b>	<b>Name of the Director &amp; Designation</b>	<b>Date of Appointment/ Reappointment/ Resignation</b>	<b>Reason</b>
1.	Mr. Sanjay Rathi Managing Director	December 20, 2015	Appointment as Managing Director
2.	Mr. Shivratana Mundada Non- Executive and Non-Independent Director	December 20, 2015	Appointment
3.	Mr. Ramesh Patel Chairman and Non- Executive Director	June 13, 2016	Resignation
4.	Mr. Bhavesh Patel Additional Executive Director	June 13, 2016	Appointed as an additional director
5.	Mr. Singanallur Natarajan Non- Executive Independent Director	July 15, 2016	Pre- Occupation
6.	Mr. Sunil Raithatha Non- Executive Independent Director	July 15, 2016	Pre- Occupation

### **Corporate Governance**

As per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchange. We hereby undertake to comply with the requirements of the applicable regulations, including the SEBI Listing Regulations, Companies Act and the SEBI (ICDR) Regulations immediately prior to the listing of Offer.

### Management Organizational Structure



#### Profiles of our Key Managerial Personnel

The details of the Key Managerial Personnel as on the date of this Draft Prospectus are set out below. All the Key Managerial Personnels are permanent employees of our Company. Except for certain statutory benefits, there are no other benefits accruing to the Key Managerial Personnel.

1. **Mr. Anup Gindodiya**, 31 years, is the Chief Financial Officer of our Company. Mr. Gindodiya holds a degree of Master of Business Administration from Pune University. Mr. Gindodiya has recently been associated with our Company and more than 6 (six) years of experience in Financial Management & Accounting Practices.
2. **Ms. Pooja Potdar**, 29 years, is Company Secretary of our Company. Ms. Potdar is a member of Institute of Company Secretaries of India. Ms. Potdar has recently been associated with our Company and has more than four (4) years of experience in listing compliances and Company law function. Prior to joining our Company, Ms. Potdar was associated with Jailaxmi casting and Alloys Private Limited, Aurangabad as the Company Secretary and Dekson Castings Limited, a listed company as the Company Secretary.

#### Status of Key Management Personnel in our Company

All our key managerial personnel are permanent employees of our Company. The term of office of our key managerial personnel is until the attainment of 60 years of age.

#### Shareholding of Key Management Personnel in our Company

None of the Key Management Personnel holds Equity Shares in our Company as on the date of this Draft Prospectus.

#### Bonus or profit sharing plan of the Key Managerial Personnel

Our Company does not have a performance linked bonus or a profit sharing plans for the Key Management Personnel. However, our Company pays incentive to all its employees based on their performance including the Key Managerial Personnel's of our Company.

#### Interests of Key Management 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.





**Payment of Benefits to Officers of our Company (non-salary related)**

Except as disclosed in this Draft Prospectus and any statutory payments made by our Company to its officers, our Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees including amounts towards super-annuation, ex-gratia/rewards.

Except statutory benefits upon termination of employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance.

Except as stated under section titled "Financial Information" beginning on page 126 of this Draft Prospectus, none of the beneficiaries of loans and advances or sundry debtors are related to our Company, our Directors or our Promoter.

**Relationship amongst the Key Managerial Personnel of our Company**

There is no family relationship amongst the Key Managerial Personnel of our Company.

**Relationship between the Directors and Key Managerial Personnel**

There are no family relationships between the Directors and Key Managerial Personnel of our Company.

**Arrangement and Understanding with Major Shareholders/Customers/ Suppliers**

None of the above Key Managerial Personnel have been selected pursuant to any arrangement/understanding with major shareholders/customers/suppliers.

**Details of Service Contracts of the Key Managerial Personnel**

Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements with our Company for provision of benefits or payments of any amount upon termination of employment.

**Employee Stock Option or Employee Stock Purchase**

Our Company has not granted any options or allotted any Equity Shares under the ESOP Scheme as on the date of this Draft Prospectus.

**Loans availed by Directors / Key Managerial Personnel of our Company**

None of the Directors or Key Managerial Personnels have availed loan from our Company which is outstanding as on the date of this Draft Prospectus.

**Changes in our Company's Key Managerial Personnel during the last three (3) years**

The changes in the Key Managerial Personnel of our Company in the last three (3) years are as follows:

No.	Name of the Key Managerial Personnel & Designation	Date of Appointment	Date of Resignation	Reason
1.	Ms. Charul Chowdhary [designation]	May 15, 2011	January 30, 2012	Pre Occupation
2.	Ms. Pooja Potdar Company Secretary	March 14, 2016	--	Appointment
3.	Mr. Anup Gindodiya Chief Financial Officer	July 22, 2016	--	Appointment

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

Our Promoters are (i) Mr. Sanjay Rathi, (ii) Mr. Shivratn Mundada, (iii) Bhavesh Patel, (iv) Mr. Rajesh Bansal and (v) Ashva Multi Trade Pvt. Ltd. As on the date of this Draft Prospectus, our Promoters hold 34,42,815 Equity Shares which in aggregate, constitutes 20.08 % of the issued and paid-up Equity Share capital of our Company.

### Details of Individual Promoters of our Company

	<p>Mr. Sanjay Rathi is the Promoter, Chairman and Managing Director of our Company. For further details, please refer to section titled "Our Management" beginning on page 108 of this Draft Prospectus.</p> <p>Permanent Account Number: AAUPR9644P          Passport No.: L5123226          Aadhar No.: 381675520434          Driving license No.:2746/96          Voter's identification card No.: YIX0112326</p> <p>For further details in relation to other ventures of Mr. Rathi, please refer to section titled "Group Entities of our Company" beginning on page 121 of this Draft Prospectus.</p>
	<p>Mr. Shivratn Mundada is the Promoter and Non- Executive Director of our Company. For further details, please refer to section titled "Our Management" beginning on page 108 of this Draft Prospectus.</p> <p>Permanent Account Number: ABPPM8459H          Passport No.: J6020148          Driving license No.:MH21 19840000420          Voter's identification card No.: FCF0797779</p> <p>For further details in relation to other ventures of Mr. Rathi, please refer to section titled "Group Entities of our Company" beginning on page 121 of this Draft Prospectus.</p>
	<p>Mr. Bhavesh Patel is the Promoter and additional director of our Company. For further details, please refer to section titled "Our Management" beginning on page 108 of this Draft Prospectus.</p> <p>Permanent Account Number: AJYPP4516D          Passport No.: G9711709          Aadhar No.: 665737213009          Driving license No.:MH21/799/98V          Voter's identification card No.: MT/32/186/0030577.</p> <p>For further details in relation to other ventures of Mr. Rathi, please refer to section titled "Group Entities of our Company" beginning on page 121 of this Draft Prospectus.</p>
	<p>Mr. Rajesh Bansal is the Promoter and Non executive Director of our Company. For further details, please refer to section titled "Our Management" beginning on page 108 of this Draft Prospectus.</p> <p>Permanent Account Number: ABCPB5360K          Passport No.: E5561399          Voter Identification Number: MT/31/184/261430          Aadhar No.: 717051889561          Driving license No.: MH21 20110002968</p>



	For further details in relation to other ventures of Mr. Rathi, please refer to section titled "Group Entities of our Company" beginning on page 121 of this Draft Prospectus.
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Our Company confirms that it has submitted the details of the PAN, Bank Account Number and Passport Numbers of our Promoters to NSE at the time of filing the Draft Prospectus.

**Details of Corporate Promoter of our Company**

**Ashva Multi Trade Private Limited (hereinafter referred to as "AMPL")**

<b>Name</b>	Ashva Multi Trade Private Limited
<b>Permanent Account Number</b>	AAECM3414F
<b>Company Registration Number</b>	152446
<b>Address of ROC with which the company was registered</b>	Block No. 175, Laxmikant Nagar Jalna-Ambad Road, Near Sai Garden Hotel, Jalna : 431203, Maharashtra, India
<b>Bank Account Number</b>	07352320001267
<b>Name of the Bank and Branch</b>	HDFC Bank Limited, Jalna, Maharashtra

**The promoters of Ashva Multi Trade Private Limited are:**

Serial No.	Details
1.	Mr. Sanjay Rathi PAN: AAUPR9644P Passport No.: L5123226
2.	Mr. Shivratana Mundada PAN: ABPPM8459H Passport No.: J6020148

**Board of Directors of Ashva Multi Trade Private Limited as on date of filing of this Draft Prospectus:**

Sr. No.	Name of Director	Designation
1.	Mr. Ashok Subhashchandra Mundada	Director
2.	Mr. Kapil Toshniwal	Director

**Shareholding Pattern of as on March 31, 2016**

Sr. No.	Name of Shareholder (s)	No. of Equity Shares Held	Shareholding (%)
1.	Shivratan Shrigopal Mundada	58,500	6.93
2.	Sanjay Kachrural Rathi	21500	2.55
3.	Ashish Jugalkishor Bhala	13000	1.54
4.	Ashok Ramgopal Mundada	10750	1.27
5.	Balaprasad R. Mundad	3750	0.44
6.	Chhaya S. Lohiya	28800	3.41
7.	Dinesh K. Rathi	17000	2.01
8.	Dwarkaprasada Bhikulalji Soni	24200	2.87
9.	Godawari G. Mundada	9950	1.18
10.	Hariprasad B. Soni	32500	3.85
11.	Jugalkishor B. Bhala	26250	3.11
12.	Jagdish K. Rathi (HUF)	11000	1.30
13.	Kailash R. Lohiya	78000	9.24
14.	Kantilal S. Rathi	37500	4.44
15.	Kiran Jagdish Rathi	5500	0.65
16.	Kokila P. Toshniwal	30000	3.55



Sr. No.	Name of Shareholder (s)	No. of Equity Shares Held	Shareholding (%)
17.	Pawan R. Mundada	5200	0.62
18.	Prafullta S. Rathi	1600	0.19
19.	Purshottam B. Toshniwal	33500	3.97
20.	Ramesh G. Mundada	36350	4.30
22.	Ramprasad L. Soni	31500	3.73
23.	Sadakumar S. Mundada	24000	2.84
24.	Sanjay K. Rathi (HUF)	1500	0.18
25.	Sarla Birla	10000	1.18
26.	Sarla S. Mundada	26500	3.14
27.	Saroj K. Rathi	38500	4.56
28.	Sheetal A. Bhala	25250	2.99
29.	Shivkumar N. Lohiya	32000	3.79
30.	Shivprasad B. Soni	31500	3.73
31.	Urmila D. Soni	27900	3.30
32.	Ramgopal G. Mundada	8400	0.99
33.	Megha Bharade	2000	0.24
34.	Honaji Suryabhan Kale	1000	0.12
35.	Jaganath Bajirao Sagde	2000	0.24
36.	Puraram G. Bharade	1500	0.18
37.	Sunil P. Bharade	3500	0.41
38.	Vijay V. Bharde	6500	0.77
39.	Vitthal Multi Trade Pvt Ltd	79500	9.41
40.	Santosh Mundada	6500	0.77
	<b>Total</b>	<b>844400</b>	<b>100.00</b>

#### Brief Audited Financials of Ashva Multi Trade Private Limited

Particulars	As at March 31		
	2015	2014	2013
Equity Capital	84,44,000	84,44,000	84,44,000
Reserves (excluding revaluation reserve) and Surplus	5,25,66,260	5,15,72,652	5,05,20,291
Net Worth*	6,10,10,260	6,00,16,652	5,89,64,291
Income including other income	11,38,441	29,18,121	1,04,69,940
Profit/ (Loss) after tax	9,93,908	10,52,361	17,87,753
Earnings per share (Rs.) (face value of Rs. 10 each)	1.18	1.25	7.59
Net asset value per share (Rs.)	72.25	71.07	69.83

#### Changes in the Management and control

There has been no change in control of the management of Ashva Multi Trade Private Limited in the three years preceding the date of this Draft Prospectus.

#### Outstanding Litigation

There is no outstanding litigation against our Corporate Promoter except as disclosed in the sections titled "Risk Factors" and "Outstanding Litigations and Material Developments" beginning on pages 13 and 173 respectively of this Draft Prospectus.

#### Experience of Promoters in the line of business

The natural persons in control of our Corporate Promoter Ashva Multi Trade Private Limited namely, Mr. Sanjay Rathi and Mr. Shivratn Mundada, have relevant industry experience of more than 25 years. The company shall also endeavour to ensure that relevant professional help is sought as and when required in the future.



For more details on the Promoters, please refer to the section titled "Our Management" beginning on page 108 of this Draft Prospectus.

### **Interests of our Promoters**

Our Promoters are interested in our Company to the extent of their respective Equity shareholding in our Company and any dividend distribution that may be made by our Company in the future. For details pertaining to our Promoters' shareholding, please refer to section titled "Capital Structure" beginning on page 45 of this Draft Prospectus. Our Promoters are also interested to the extent they are Directors on our Board, as well as any remuneration of expenses payable to them. In addition, as on the date of this Draft Prospectus, our Promoter, Mr. Sanjay Rathi receives remuneration and reimbursement of expenses payable to them from our Company. For further information on remuneration to the Executive Directors, please refer to section titled "Our Management" beginning on page 108 of this Draft Prospectus.

Our Promoters have not entered into any contract, agreements or arrangements in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

None of our Promoters or Group Entities have any interest in any property acquired by our Company within two (2) years of the date of this Draft Prospectus or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building or supply of machinery.

### **Common Pursuits**

Our Company is engaged in the manufacturing of yarn and we have an existing open end and ring spinning unit. Our Group entity namely Gayatri Ginning and Pressing Private Limited is engaged in almost similar line of activity or business as that of our Company. There may be potential conflict of interest in addressing business opportunities and strategies in circumstances where the interest of our Company may be similar to that of the aforementioned group entities.

Except as stated above, our Promoters or directors are not involved with any ventures in the same line of activity or business as that of our Company.

### **Interest of Promoters in Sales and Purchases**

There are no sales/purchases between our Company and our Group Entity when such sales or purchases exceed in value the aggregate of 10% of the total sales or purchases of our Company or any business interest between our Company, our Subsidiary and our Group Entity as on the date of the last financial statements other than as stated in the section titled "**Group Entities of our Company**". For further details, please refer to section titled "Financial Information - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus.

### **Confirmations**

Our Company hereby confirms that:

- ❖ None of our Promoters have been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them.
- ❖ None of our Promoters, Promoter Group or Directors or persons in control of our Company or bodies corporate forming part of our Promoter Group have been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

### **Payment or benefits to the Promoters in the last two (2) years**

No payment or benefit has been made to the Promoters except as disclosed in the related party transaction. For further details, please refer to section titled "Financial Information - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus.



**Disassociation by the Promoters from entities in last three (3) years**

None of our Promoters of the Company have disassociated from any of the companies or firms in the last three (3) years.

**Litigation details pertaining to our Promoters**

For details on litigations and disputes pending against the Promoters and defaults made by our Promoters please refer to section titled "Outstanding Litigations and Material Developments" beginning on page 173 of this Draft Prospectus.

**Individual Promoter Group of our Promoters**

In addition to our Promoters named in above section, the following natural persons are part of our Promoter Group in terms of Regulation 2(1) (zb) of SEBI (ICDR) Regulations:

Name of our Promoter	Name of the Relative	Relationship with the Relative
<b>Mr. Sanjay Rathi</b>	Mr. Kachrual Sakharam Rathi	Father
	Late Savitri K Rathi	Mother
	Mr. Jagdish Rathi	Brother
	Ms. Vijaya V. Baheti	Sister
	Mr. Raghunandan	Son
	Mr. Shrinandan	Son
	Mrs. Prafulata Rathi	Spouse
	Laxminarayan Bagdi	Spouse's Father
	Late Annapurna Bagdi	Spouse's Mother
	Mr. Shriprakash Bagdi	Spouse's Brother
	Mr. Jagdish Bagdi	Spouse's Brother
Ms. Sow Ratnamala Indani	Spouse's Sister	
<b>Mr. Shivratana Mundada</b>	Mr. Shrigopal Ganeshlal Mundada	Father
	Ms. Sadakor Mundada	Mother
	Mr. Govindprasadji Mundada	Brother
	Ms. Shakuntala Mantri	Sister
	Ms. Pooja Nikhil Jaju	Daughter
	Mr. Piyush S Mundada	Son
	Mrs. Sarla Mundra	Spouse
	Mr. Ramchandrajji Bangad	Spouse's Father
	Ms. Kasturabai Bangad	Spouse's Mother
	Mr. Kachrual Bangad, and	Spouse's Brother
	Mr. Mishrilal Bangad	Spouse's Brother
	Mr. Balaprasadji Bangad	Spouse's Brother
Mr. Subhash Bangad	Spouse's Brother	
<b>Mr. Bhavesh Bhai Patel</b>	Mr. Ramesh Patel	Father
	Mrs. Tara patel	Mother
	Ms. Jagruti Patel	Sister
	Ms. Bhumika Patel	Sister
	Ms. Nimisha Patel	Sister
	Ms. Prapti Patel	Daughter
	Ms. Shubham Patel	Son
	Ms. Kajalben Patel	Spouse
	Mr. Rajendrabhai Patel	Spouse's Father
	Ms. Hemlataben Patel	Spouse's Mother
Mr. Himanshu Patel	Spouse's Brother	
<b>Mr. Rajesh Bansal</b>	Mr. Puranmal Teluram Bansal	Father





Name of our Promoter	Name of the Relative	Relationship with the Relative
	Ratnadevi Bansal	Mother
	Mr. Vikas Bansal	Brother
	Sudesh Garg	Sister
	Mr. Rahul Bansal	Son
	Anita Bansal	Spouse
	Chajuramji Tayal	Spouse's Father
	Katadevi Tayal	Spouse's Mother
	Naresh Tayal	Spouse's Brother
	Meena Vijayji Garg	Spouse's Sister
	Nilam Sureshji Garg	Spouse's Sister
<b>Ashva Multitrade Pvt. Ltd.</b>	Gayatri Ginning and Pressing Pvt. Ltd.	

**Promoter Group Entities of our Promoters**

The following entities form a part of our Promoter Group entities in terms of Regulation 2(1) (zb) of SEBI (ICDR) Regulations:

1. Vitthal Polypack Private Limited;
2. Rajuri Steel Private Limited;
3. Anand Vyapar Private Limited;
4. Ashtalaxmi Re - Rolls Private Limited;
5. Mammadevi Steel & Alloys Private Limited;
6. Startrack Commodities Private Limited;
7. Kuberlaxmi Steel & Alloys Private Limited;
8. Vikram Tea Processor Private Limited;
9. Trinity Snacks Private Limited;
10. Lotus Centre for Professional Studies and Research Private Limited;
11. JK Commodities and Services Private Limited;
12. Bhaishree Foods Private Limited;
13. Bhaishree Bakery and Foods Products Private Limited;
14. Gayatri Ginning and Pressing Private Limited;
15. Rishi Vidya Educaion Foundation;
16. Bhuvi Landmarks LLP;
17. Bhaishree Infra and Facilities Management LLP;
18. Patel Tea Company;
19. Global Softech;
20. Bhaishree Ventures;
21. Krishna Vatika Developers;
22. Seed One Agro Projects;
23. Mahalaxmi Oil Industries;
24. Rtcamp Solutions Private Limited;
25. Shagun Sadi;
26. Sanjay K. Rathi HUF;
27. Shivratan S. Mundada HUF;
28. Bhavesh Rameshbhai Patel HUF; and
29. Rajesh Puranmal Bansal HUF

### GROUP ENTITIES OF OUR COMPANY

As per the requirements of SEBI (ICDR) Regulations, for the purpose of identification of 'group companies/ entities', our Company has considered companies as covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India) on a consolidated basis, or other companies as considered material by our Board. Pursuant to a resolution of our Board dated June 20, 2016, for the purpose of disclosure in offer documents for the Issue, a company shall be considered material and will be disclosed as a Group Entity if such company forms part of the Promoter Group, and our Company has entered into one or more transactions with such company in the previous audit fiscal year / period cumulatively exceeding 10% of the total consolidated revenue of our Company for such fiscal.

Based on the above, Gayatri Ginning and Pressing Private Limited (excluding our Corporate Promoter) is our Group Entities and the details of which are mentioned hereunder.

#### I. Details in relation to Group Entities:

The details in relation to the Group Entities of the Company are set out below:

#### Gayatri Ginning and Pressing Private Limited ("GGPPL")

<b>Main Object</b>	To carry on in india or elsewhere the business to manufacture, produce, process, crush, extract, ginn, press, ieclaim, convert, comercialize, control, compound, develop, distribute, deri're, treat, grade, release, prepare, texturise, dye, print, colour, mercerize, twist, double, emboss, fabricate, weave, blend, spin, outsource, promote, supply, import, export, buy, sell, resell, speculate, hedge, trade, turn to account, and to act as a agent, Central and State Government contractors, corporailon, job worker, process, broker, concessionaries, consultant, collaborator, job worker, export house or otherwise tc deal in all varieties. colours, dimension, description, characteistics, appiication and uses of raw cotton, natural and synthetic yarn, cloths, woven and non woven fabrics, garments, grains, puises and other agriculturai products comodities, and its by-products, residues, derivatives, iorniation, allied products, semi finished products, substances and raw materials and to own, run and manage such other company doing such or related business.		
<b>Date of Incorporation</b>	June 11, 2007		
<b>CIN</b>	U74900MH2007PTC171532		
<b>Registered Office Address</b>	Plot No E- 8/1, Phase II, Additional MIDC Area, Aurangabad Road, Jalna- 431203		
<b>Board of Directors*</b>	<b>Name</b>	<b>DIN</b>	
	Mr. Ramesh Gopikishan Mundada	153255	
	Mr. Vikas Rajesh Bansal	3134958	
	<i>(Rs. in Lacs, rounded off except per share data)</i>		
<b>Audited Financial Information</b>	<b>For The Year Ended</b>		
	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Paid Up Equity Share Capital</b>	15,000,000	15,000,000	15,000,000
<b>Reserves and Surplus (excluding Revaluation Reserve and Less Miscellaneous Expenses, if any )</b>	(22,31,106)	(44,26,063)	(65,46,898)
<b>Net worth</b>	1,27,68,894	1,05,73,937	84,53,102
<b>Income including other income and exceptional items</b>	15,71,48,172	8,11,81,038	1,68,28,615
<b>Profit/ (Loss) after tax</b>	21,94,957	21,20,835	3,15,927
<b>Earnings per share (face value of Rs. 10 each)</b>	1.46	1.41	0.21
<b>Net asset value per share (Rs.)</b>	0.85	0.71	0.56

\*As on date of Draft Prospectus

**Significant notes of auditors of GGPPL for the last two Financial Years**

There are no significant notes of the auditors for the last two Financial Years

**Shareholding Pattern as on the date of the Draft Prospectus is as follows:**

Sr. No.	Name of the Equity Shareholder	No. of Shares held	% age of Shareholding
1	Ashva Multi Trade Pvt Ltd	285000	19.00
2	Mauli Financial Services Pvt Ltd	270000	18.00
3	Anita Rajesh Bansal	172500	11.50
4	Dinesh Kantilal Rathi	67000	4.47
5	Ashish Jugalkishor Bhala	30000	2.00
6	Dwarkaprasad Bhikulal Soni	21000	1.40
7	Bhaveshbhai Rameshbhai Patel	232500	15.50
8	Ramprasad Bhikulal Soni	21000	1.40
9	Hariprasad Bhikulal Soni	21,000	1.40
10	Shivprasad Bhikulal Soni	20000	1.40
11	Kailash Rameshwar Lohiya	39000	2.60
12	Sanjay Kachrulal Rathi	43000	2.87
13	Jagdish Kachrulal Rathi	42000	2.80
14	Purushottam Biharilal Toshniwal	19000	1.27
15	Santosh Gopikishan Mundada	10000	0.67
16	Ramesh Gopikishan Mundada	9000	0.60
17	Vijay Pusaram Bharade	39000	2.60
18	Shivprasad Nandlal Lohiya	18000	1.20
19	Shivratan Shrigopal Mundada	58500	3.90
20	Akshay Multitrade Pvt Ltd	82500	5.50
	<b>Total</b>	<b>1500000</b>	<b>100.00</b>

**Nature and extent of interest of our Promoter:**

Sr.No.	Name of our Promoter	No. of Shares held	% age of Shareholding
1.	Ashva Multi Trade Pvt. Ltd.	285,000	19.00
2.	Mr. Bhaveshbhai Patel	232,500	15.50
3.	Mr. Shivratan Mundada	58,500	3.90
4.	Mr. Sanjay Rathi	43,000	2.87
	<b>Total</b>	<b>619,000</b>	<b>41.27</b>

Gayatri Ginning and Pressing Private Limited is an unlisted Company and it has not made any public issue (including any rights issue to the public) in the preceding three years. The Company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1956 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

**II. Details of Group Entity with negative net worth**

Our Group Entity does not have a negative net worth.

**Nature and Extent of Interest of Group Entities**

**(a) In the promotion of our Company**

Our Group Entity does not have any interest in the promotion of our Company.



Except as disclosed in section titled “**Related Party Transactions**” on page 124 of this Draft Prospectus, our Group Entity does not have any business interest in our Company.

**(b) In transactions for acquisition of land, construction of building and supply of machinery**

Except as stated under section titled "Financial Information - Annexure-Q Related Party Transactions" and "Our Business" beginning on pages 157 and 90 of this Draft Prospectus, none of our Group Companies are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

**(c) In the properties acquired by our Company in the past two years before filing this Draft Prospectus with SEBI or proposed to be acquired**

Our Group Entity is not interested in the properties acquired by our Company in the two years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired.

**Common Pursuits/Conflict of interest**

Except for our Company which are engaged in the similar line of business as on the date of this draft Prospectus, none of Our Group Companies/ have any Common Pursuits. For details please refer to the section titled “**Our Promoter and Promoter Group**” and “**Group Entities of our Company**” on page 115 and page 121 of this Draft Prospectus.

**Related business transaction within the Group and their significance on the financial performance of our Company:**

For details relating to the business transactions within the Group Entities and their significance on the financial performance of our Company refer to section titled "Financial Information - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus.

**Significance Sales / Purchase between our Company and Group Companies:**

For details relating to sales or purchases between our Company and our Group Companies exceeding 10% of the sales or purchases of our Company refer to section titled "Financial Information - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus.

**Business Interests amongst our Company and Group Companies /Associate Companies**

Except as mentioned under section titled "Financial Information - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus there is no business interest among Group Company.

**Defunct /Struck-off Company**

None of Promoters, Promoter Group and our Group Companies has remained defunct and no application has been made to Registrar of Companies for Striking off their name from the Register of Companies, during the five years preceding the date of filing this draft prospectus.

None of the securities of our Group Entity are listed on any stock exchange and our Group Entity has not made any public or rights issue of securities in the preceding three years.

Our Group Entity has not been debarred from accessing the capital market for any reasons by the SEBI or any other authorities.

Our Group Entity has not been identified as a Wilful Defaulter.

**Litigations**

For details on litigations and disputes pending against the Group Companies, if any, please refer to section titled "Outstanding Litigations and Material Developments" beginning on page 173 of this Draft Prospectus.



## **RELATED PARTY TRANSACTIONS**

For details on related party transactions of our Company, please refer to section titled "Financial Information - Annexure Q - Related Party Transactions" beginning on page 157 of this Draft Prospectus.



## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders at their discretion, subject to the provision of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of other factors, including, restrictive covenants under the loan or financing documents that we may enter into from time to time. Our Company has no formal dividend policy. Our Board may also, from time to time, pay interim dividends.

The dividends declared by our Company on the Equity Shares in each of the Financial Years 2012, 2013, 2014, 2015 and 2016 as per our Restated Financial Statements are given below:

Particulars	Financial Years				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Face value per share (in Rs)	10	10	10	10	10
Dividend (in Rs.)	--	--	85,73,835	85,73,835	85,73,835
Dividend per share (in Rs.)	--	--	0.50	0.50	0.50
Rate of dividend (%)	--	--	0.50	5.00	5.00
Dividend Tax (Rs.)	--	--	14,56,695	17,14,263	17,45,431





## SECTION VI: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### INDEPENDENT AUDITOR'S REPORT

(As required by Section 26 of Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014)

To,  
The Board of Directors,  
**LAXMI COTSPIN LIMITED**  
Gut No. 399, Samangaon – Kajla Road,  
In Front Of Meeinatai Thakare, Vridhashram,  
Samangaon, Jalna, Maharashtra - 431203

Dear Sir,

#### 1. Report on Restated Financial Statements

**We have examined the Restated Financial Statements of M/s. Laxmi Cotspin Ltd. (hereinafter referred as “the Company”), the summarized statements of which annexed to this report have been prepared in accordance with the requirements of:**

- i) Section 26 read with the applicable provisions within Rule-4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 of Companies Act, 2013, As amended (hereinafter referred to as the “Act”) and
  - ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the Regulation”) (“SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time;
  - iii) The terms of reference to our engagements with the Company requesting us to examine financial statements referred to above and proposed to be included in the Draft Prospectus/ Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in SME Platform of NSE Limited (“IPO” or “SME IPO”); and
  - iv) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (“ICAI”)
  - v) In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts, We, **M/s Ankit M Agarwal and Co.**, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the “Peer Review Board” of the ICAI.
2. The Restated Summary Statements and Financial information of the Company have been prepared by the management from the Audited Financial Statements of the Company for the financial year ended, March 31, 2012 March 31, 2013 March 31, 2014, March 2015 and March 31 2016, which have been approved by the Board of Directors.
  3. Financial Statements for the financial year ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 has been audited by M/s C N A & Associates, Chartered Accountants, and accordingly reliance has been placed on the financial information examined by them for the said period/Years. The Financial Report included for these years is based solely on the report submitted by them.
  4. We have carried out re-audit of the financial statements for the period/year ended on March 31, 2016 as required by SEBI regulations.

#### 5. Financial Information as per Audited Financial Statements:

1. We have examined:

- a. The attached Restated Statement of Assets and Liabilities of the company, as at March 31, 2016, March 31, 2015, March 31, 2014 March 31, 2013 and March 31, 2012 (**Annexure I**);
- b. The attached Restated Statement of Profits and Losses of the Company for financial Years ended on March 31, 2016, March 31, 2015, March 31, 2014, and March 31, 2013 March 31, 2012. (**Annexure II**);
- c. The attached Restated Statement of Cash Flows of the Company for financial Years ended on March 31, 2016, March 31, 2015, March 31, 2014, and March 31, 2013 March 31, 2012. (**Annexure III**);
- d. The Significant Accounting Policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings, if any. (**Annexure IV**);

(Collectively hereinafter referred as “**Restated Financial Statements**” or “**Restated Summary Statements**”)

2. In accordance with the requirements of Act, ICDR Regulations, Guidance Note on the reports in Company Prospectus (Revised) issued by ICAI and the terms of our Engagement Letter, we further report that:
  - (i) The “**Restated Statement of Assets and Liabilities**” as set out in **Annexure I** to this report, of the Company as at March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual Financial Statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
  - (ii) The “**Restated Statement of Profit and Loss**” as set out in **Annexure II** to this report, of the Company for financial Years ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
  - (iii) The “**Restated Statement of Cash Flow**” as set out in **Annexure III** to this report, of the Company for financial Years ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure IV** to this Report.

Based on the above and also as per the reliance placed by us on the audited financial statements of the company and Auditors Report thereon which have been prepared by Statutory Auditor of the Company for the year ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, we are of the opinion that “**Restated Financial Statements**” or “**Restated Summary Statements**” have been made after incorporating:

- a) Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- b) Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements have been shown accordingly.
- c) Adjustments on account of the statutory audit qualifications, if any, have been adjusted and regrouped to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
- d) There was no change in accounting policies, which needs to be adjusted in the “**Restated Financial Statements**”.
- e) There are no revaluation reserves, which need to be disclosed separately in the “**Restated Financial Statements**”.
- f) The Company has paid dividend on its equity shares till March 31, 2016.

**6. Other Financial Information:**

- 1) We have also examined the following financial information as set out in annexure prepared by the Management and as approved by the Board of Directors of the Company for the Years ended on March 31, 2016, March 31, 2015, March 31, 2014 March 31, 2013 and March 31, 2012.

Restated Statement of Share Capital, Reserves And Surplus	Annexure-A
Restated Statement of Long Term And Short Term Borrowings	Annexure-B, B(A) and B(B)
Restated Statement of Deferred Tax (Assets) / Liabilities	Annexure-C
Restated Statement of Long Term Provisions	Annexure-D
Restated Statement of Trade Payables	Annexure-E
Restated Statement of Other Current Liabilities And Short Term Provisions	Annexure-F
Restated Statement of Fixed Assets	Annexure-G
Restated Statement of Non-Current Investments	Annexure-H
Restated Statement of Inventory	Annexure-I
Restated Statement of Trade Receivables	Annexure-J
Restated Statement of Cash & Cash Equivalents	Annexure-K
Restated Statement of Short-Term Loans And Advances	Annexure-L
Restated Statement of Other Current Assets	Annexure-M
Restated Statement of Other Income	Annexure-N
Restated Statement of Turnover	Annexure-O
Restated Statement of Mandatory Accounting Ratios	Annexure-P
Restated Statement of Related party transaction	Annexure-Q
Restated Statement of Capitalization	Annexure-R
Restated Statement of Tax shelter	Annexure-S
Restated Statement of Contingent liabilities	Annexure-T

- 2) The Restated Financial Information contain all the disclosures required by the SEBI ICDR regulations and partial disclosures as required by Accounting Standards notified under the Companies Act, 1956 of India read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Act.
- 3) We have carried out Re-audit of the financial statements for the Year ended on March 31, 2016 as required by SEBI regulations. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2016. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to March 31, 2016.
- 4) The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.
- 5) In our opinion, the above financial information contained in Annexure I to III and Annexure A to T of this report read along with the Restated statement of Significant Accounting Polices and Notes as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with paragraph B, Part II of Schedule II of the Act, the SEBI Regulations, The Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India (“ICAI”) to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.
- 6) Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.



- 7) The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report, nor should this constructed as a new opinion on any of the financial statements referred to herein.
- 8) We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 9) Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO-SME for Proposed Offer of Equity Shares of the Company and our report should not be used, referred to or adjusted for any other purpose without our written consent.

## **7. Auditor's Responsibility**

Our responsibility is to express an opinion on these restated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **8. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements read together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable.

- a) In the case of Restated Statement of Assets and Liabilities of the Company as at 31<sup>st</sup> March, 2012, 31<sup>st</sup> March, 2013, 31<sup>st</sup> March 2014 31<sup>st</sup> March, 2015 and March 31<sup>st</sup> 2016;
- b) In the case of the Restated Statement of Profit and Loss, of the profit of the Company for the Period/Years ended on that date; and
- c) In the case of the Restated Cash Flow Statement, of the cash flows of the Company for the Period/Years ended on that date.

**For Ankit M Agarwal & CO.**  
**Chartered Accountants**  
**FRN 139778W**

**CA ANKIT AGARWAL**  
**Proprietor**  
**Membership No. 162017**  
**Date: August 31, 2016**  
**Place: Mumbai**

**RESTATED STATEMENT OF ASSETS AND LIABILITIES****ANNEXURE-I****(Rs. in Lakhs)**

Particulars	Annexure	As at				
		31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
<b>I. EQUITY AND LIABILITIES</b>						
<b>Shareholder's Funds</b>	A					
Share Capital		1,714.77	1,714.77	1,714.77	1,714.77	1,714.77
Reserves and Surplus (excluding Revaluation Reserves, if any)		2,398.17	2,086.71	1,960.59	1,465.81	1,110.30
Share Application Money Pending Allotment		0.00	0.00	0.00	0.00	0.00
<b>Non Current Liabilities</b>						
Long-term Borrowings	B & B(A)	801.45	1,378.94	1,131.52	1,392.72	1,174.23
Deferred Tax Liabilities (Net)	C	52.92	128.50	122.07	123.84	73.79
Long-term Provisions	D	18.59	14.06	12.56	10.38	8.81
<b>Current Liabilities</b>						
Short-term Borrowings		1,639.28	2,236.87	1,815.52	1,537.37	2,023.05
Trade Payables	E	239.69	301.15	750.57	346.40	928.28
Other Current Liabilities		533.90	570.56	507.21	484.55	476.65
Short-term Provisions	F	159.69	169.65	193.29	68.48	17.22
<b>Total</b>		<b>7,558.46</b>	<b>8,601.20</b>	<b>8,208.09</b>	<b>7,144.32</b>	<b>7,527.09</b>
<b>II. ASSETS</b>						
<b>Non Current Assets</b>						
<b>Fixed assets</b>	G					
(i) Tangible Assets		2,871.46	3,447.16	3,189.16	3,364.27	3,088.71
(ii) Intangible Assets		0.00	0.00	0.00	0.00	0.00
(iii) Capital Work-In-Progress		140.71	0.00	127.95	145.81	129.82
(iv) Intangible Assets Under Development		0.00	0.00	0.00	0.00	0.00
Non Current Investments	H	0.00	0.60	0.60	10.60	10.60
<b>Current assets</b>						
Inventories	I	1,671.56	2,120.98	1,734.27	931.35	1,625.84
Trade Receivables	J	2,080.44	1,747.69	2,213.52	1,282.28	1,430.78
Cash and Cash Equivalents	K	249.72	513.93	211.12	150.33	143.11
Short-term Loans and Advances	L	213.67	201.59	121.35	678.18	464.64
Other Current Assets	M	330.90	569.25	610.13	580.90	633.60
<b>Total</b>		<b>7,558.46</b>	<b>8,601.20</b>	<b>8,208.09</b>	<b>7,144.32</b>	<b>7,527.09</b>
<b>Note:</b> The above statement should be read with the significant accounting policies and notes to restated statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, II and III.						

**ANNEXURE-II****RESTATED STATEMENT OF PROFIT AND LOSS****(Rs. In Lakhs)**

Particulars	Annexure	For the Year ended				
		31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
Revenue from Operations	O	11,321.52	10,472.84	11,451.77	10,156.62	8,247.02
Less: Excise Duty		0.00	0.00	0.00	0.00	0.00
Revenue from Operations		11,321.52	10,472.84	11,451.77	10,156.62	8,247.02
Other income	N	35.11	204.05	60.76	87.20	324.45
<b>Total Revenue- A</b>		<b>11,356.63</b>	<b>10,676.88</b>	<b>11,512.52</b>	<b>10,237.81</b>	<b>8,571.47</b>
<b>Expenses:</b>						
Cost of Material Consumed		8,303.90	7,714.56	8,777.72	7,540.31	6349.43
Purchases of Traded Goods		0.00	0.00	0.00	0.00	0.00
Changes in inventories of finished goods, WIP and Stock-in-Trade		104.59	4.64	(20.62)	(25.02)	97.13
Employee benefits expense		390.97	360.01	308.29	347.17	152.18
Finance costs		286.60	433.58	401.57	416.90	475.57
Depreciation and amortization expense		690.29	618.73	473.01	428.65	401.79
Other expenses		1,297.01	1,247.82	1,102.42	1,186.50	1,013.60
<b>Total Expenses- B</b>		<b>11,073.35</b>	<b>10,379.34</b>	<b>11,042.40</b>	<b>9,894.51</b>	<b>8,489.70</b>
<b>Profit before exceptional and extraordinary items and tax- C (A-B)</b>		<b>283.28</b>	<b>297.55</b>	<b>470.13</b>	<b>343.30</b>	<b>81.77</b>
Exceptional/Prior Period item		0.00	0.00	0.00	0.00	1.96
<b>Profit before extraordinary items and tax</b>		<b>283.28</b>	<b>297.55</b>	<b>470.13</b>	<b>343.30</b>	<b>79.81</b>
Extraordinary item		2.84	0.00	0.00	0.00	0.00
<b>Profit Before Tax</b>		<b>286.12</b>	<b>297.55</b>	<b>470.13</b>	<b>343.30</b>	<b>79.81</b>
<b>Provision for Tax</b>						
- Current Tax		56.50	70.00	92.99	68.48	15.36
- Deferred Tax Liability / (Asset)		(75.58)	6.43	(1.77)	50.55	20.21
- Tax adjustment of prior years		(17.04)	(4.65)	0.00	0.00	0.00
<b>Restated profit after tax from continuing operations</b>		<b>322.24</b>	<b>225.77</b>	<b>378.91</b>	<b>224.78</b>	<b>44.24</b>
<b>Profit/ (Loss) from Discontinuing operation</b>		0.00	0.00	0.00	0.00	0.00
<b>Restated profit for the year</b>		<b>322.24</b>	<b>225.77</b>	<b>378.91</b>	<b>224.78</b>	<b>44.24</b>
<b>Note:</b> The above statement should be read with the significant accounting policies and notes to restated statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I and III.						



## ANNEXURE-III

## RESTATED SUMMARY CASHFLOW STATEMENT

(Rs. in Lakhs)

Particulars	For the Year ended				
	31-03-2016	31-03-2015	31-03-2014	31-03-2013	31-03-2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before tax	286.12	297.55	470.13	343.30	79.81
<b>Adjustment for :</b>					
Profit/(Loss) on sale of fixed assets	2.84	0.00	0.00	0.00	1.96
Profit/(Loss) on sale of Investments	0.12	0.00	0.00	0.00	0.00
Preliminary Expenses Write off	0.00	0.00	0.00	0.00	5.97
Depreciation	690.29	618.73	473.01	428.65	395.82
Interest & Finance Charges	277.22	385.07	333.79	318.20	343.78
Operating profit before working capital changes	1,256.58	1,301.35	1,276.93	1,090.15	827.34
<b>Adjustment for :</b>					
(Increase)/Decrease in trade receivables	(332.75)	465.83	(931.24)	148.49	(426.43)
(Increase)/Decrease in inventories	449.43	(386.71)	(802.32)	693.89	949.62
(Increase)/Decrease in Short Term loans and advances	325.34	42.10	724.03	(279.61)	(95.20)
Increase/(Decrease) in trade payables	(61.46)	(449.42)	404.16	(581.87)	423.64
Increase/(Decrease) in other current liabilities	(36.66)	13.28	22.66	6.04	22.53
Increase/(Decrease) in other long term liabilities	4.54	1.50	2.18	1.58	0.26
	<b>348.44</b>	<b>(313.43)</b>	<b>(580.53)</b>	<b>(11.50)</b>	<b>874.43</b>
<b>Cash generated from / (used in) operations</b>	<b>1,605.01</b>	<b>987.91</b>	<b>696.40</b>	<b>1,078.65</b>	<b>1,701.76</b>
Income Tax paid	(55.58)	(103.23)	(48.73)	(47.86)	(26.14)
<b>Net cash generated from/(used in) operating activities - (A)</b>	<b>1,549.43</b>	<b>884.68</b>	<b>647.67</b>	<b>1,030.80</b>	<b>1,675.63</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of tangible fixed assets	(152.09)	(775.27)	(297.90)	(704.22)	(274.49)
Purchase/Sale of long-term investments	0.72	0.00	10.00	0.00	0.92
Sale of tangible fixed assets	35.04	10.00	0.00	0.00	50.79
Interest on Bank FD	0.00	0.00	44.41	73.35	104.03
<b>Net cash (used in) Investing Activities - (B)</b>	<b>(257.04)</b>	<b>(765.27)</b>	<b>(225.63)</b>	<b>(364.85)</b>	<b>(151.73)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Repayment of Long Term borrowings	(577.48)	247.42	(261.20)	218.49	(340.71)
<b>Net Increase/(decrease) in working capital borrowings</b>	<b>(597.59)</b>	<b>421.35</b>	<b>278.15</b>	<b>(485.68)</b>	<b>(934.72)</b>
Interest paid	(277.22)	(385.07)	(378.19)	(391.54)	(447.81)
<b>Net cash(used in) / from financing activities - (C)</b>	<b>(1,556.60)</b>	<b>183.39</b>	<b>(361.25)</b>	<b>(658.73)</b>	<b>(1,609.23)</b>
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(264.21)</b>	<b>302.81</b>	<b>60.79</b>	<b>7.22</b>	<b>(85.33)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>513.93</b>	<b>211.12</b>	<b>150.33</b>	<b>143.11</b>	<b>228.44</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>249.72</b>	<b>513.93</b>	<b>211.12</b>	<b>150.33</b>	<b>143.11</b>



<b>Components of cash and cash equivalents:</b>					
<b>Particulars</b>	<b>31-03-2016</b>	<b>31-03-2015</b>	<b>31-03-2014</b>	<b>31-03-2013</b>	<b>31-03-2012</b>
Cash on hand	16.53	4.28	8.30	0.53	10.10
Balances with scheduled banks:					
In current accounts	102.28	104.19	9.55	16.84	6.80
In Bank Deposits	130.91	405.46	193.27	132.96	126.21
<b>Cash and cash equivalents</b>	<b>249.72</b>	<b>513.93</b>	<b>211.12</b>	<b>150.33</b>	<b>143.11</b>
<b>Note:</b> The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities and profits and losses appearing in Annexure IV, I and II.					



**SIGNIFICANT ACCOUNTING POLICY AND NOTES TO THE RESTATED STATEMENTS**

**A. BACKGROUND**

Laxmi Cotspin Limited (“LCL”) was originally incorporated under the Companies Act, 1956, as private limited company. In the year 2010 the management decided to go for expansion and the company was converted into a public Limited company and consequently the name of the company was changed to Laxmi Cotspin Limited pursuant to fresh certificate of incorporation issued by Registrar of Companies, Mumbai, Maharashtra. LCL has spinning unit of 16,800 spindles and 48DR Ginning & Pressing unit at Samangaon, Dist. Jalna (Maharashtra).

**B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Restated Summary Statement of Assets and Liabilities of the Company as on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013, and March 31, 2012 and the Restated Summary Statement of Profit and Loss and Restated Summary Statements of Cash Flows for the period ended on March 31, 2016 and years ended March 31, 2015, March 31, 2014, March 31, 2013, and March 31, 2012 and the annexure thereto (collectively, the “**Restated Financial Statements**” or “**Restated Summary Statements**”) have been extracted by the management from the Financial Statements of the Company for the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013, and March 31, 2012.

The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of Companies (Accounts) Rules, 2014).

Restated Standalone Summary Statements have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India (‘SEBI’) in connection with its proposed Initial Public Offering.

**2. USE OF ESTIMATES**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities, if any, as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

**3. FIXED ASSETS**

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Cost includes purchase price and all other attributable cost to bring the assets to its working condition for the intended use.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Projects under which assets are not ready for their intended use are shown as Capital Work-in-Progress. Cost includes cost of land, materials, construction, services, borrowing costs and other overheads relating to projects.

#### **4. DEPRECIATION**

##### **Tangible Fixed Assets**

Up to 31<sup>st</sup> March 2014, depreciation on fixed assets was provided as per Straight Line Method (SLM) at the rates and manner prescribed in Schedule XIV of the Companies Act, 1956.

With effect from 1<sup>st</sup> April, 2014 depreciation is provided as per SLM Method over remaining useful life of the assets according to useful life prescribed in Schedule II of the Companies Act, 2013.

Company has taken the useful life of the Fixed Assets exist as on 1<sup>st</sup> April, 2014 on the basis of the Certificate Issued by the Chartered Engineer as on date.

#### **5. BORROWING COSTS**

In Accordance with AS 16 'Borrowing Cost', Borrowing costs net of Technology Up gradation Finance Scheme (TUFS) related to a qualifying asset is worked out on the basis of actual utilization of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of qualifying asset. Other borrowing costs net of TUFS incurred during the period are charged to statement of profit and loss.

#### **6. IMPAIRMENT OF ASSETS**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's (including goodwill) recoverable amount is the higher of an assets net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation/ amortization is provided on the revised carrying amount of the asset over its remaining useful life.

#### **7. INVESTMENTS**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### **8. INVENTORIES**

Raw materials and stores & spares are valued at lower of cost, computed on net realizable value. Cost includes the purchase price as well as incidental expenses. Cotton Waste is valued at estimated realizable value. However, in case of raw materials, stores & spares held for use in the production of finished goods are not written down below cost if the finished products are expected to be sold at or above cost.



Work-in-process is valued at lower of estimated cost or net realizable value and finished goods are valued at lower of weighted average cost or net realizable value. Cost for this purpose includes direct cost and appropriate administrative and other overheads.

Finished goods are valued at the lower of cost or net realizable value. Cost included cost of materials, conversion cost and related overheads paid or payable on such goods.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## **9. REVENUE RECOGNITION**

- i. Sales are exclusive of sales tax and net off trade discount, returns and rate difference. Other income is accounted on accrual basis whereas dividend is accounted as and when right to receive arises.
- i. Interest Income is recognized on time proportion basis.
- ii. Other income is accounted for on accrual basis in accordance with Accounting Standards (AS) 9- "Revenue Recognition".

## **10. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognized in the statement of profit & loss for the year, except to the extent that they relate to new projects till the date of capitalization which are carried to capital work-in progress and those relating to fixed assets which are adjusted to the carrying cost of the respective assets.

## **11. ACCOUNTING FOR GOVERNMENT GRANTS**

Interest subsidy received or receivable on Term Loan taken under Technology Up gradation Fund Scheme (TUFS) Subsidy are reduced from the term loan interest being a revenue nature. TUFS subsidy on Interest pertaining to pre-operative period is attributable to the cost of acquisition/installation of fixed assets till the commencement of commercial production is capitalized.

State Government incentive under Maharashtra Government Capital Subsidy (TUFS) is accounted on accrual basis and considered as a capital receipt, as subsidy amount is linked to investment made by company. The same has been transferred to Capital reserve of the company.

## **11. EMPLOYEE BENEFITS**

Expenses & liabilities in respect of employee benefits are recorded in accordance with Accounting Standard (AS)-15 - 'Employee Benefits'.

### **Short term employees benefits:**

Company has recognized all such benefits like salary, wages on accrual basis i.e. in the period in which the employees renders related services and at actual cost i.e. undiscounted basis.

### **Post employment benefits :Defined Contribution Plan:**

State governed provident fund, insurance and labour welfare schemes are defined contribution plan of company. The company recognizes all such benefits on accrual basis i.e. charge to revenue in the period in which the employee's renders related services and at amount of actual fixed contribution.

### **Gratuity and Leave Encashment:**

Company has provided Gratuity and Leave Encashment as per applicable act in the Books as per Certificate Issued by Independent Actuary.



## **12. SEGMENT ACCOUNTING**

The company is engaged mainly in Cotton products consisting of various types of cotton yarn, Cotton bales, and Cotton seeds. The company operates in one geographical segment viz India, therefore no geographical segments is reported in accordance with AS 17- 'Segment Reporting'.

## **13. ACCOUNTING FOR TAXES ON INCOME**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

(i) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## **14. CONTINGENT LIABILITIES AND PROVISIONS**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or
- b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **15. EARNINGS PER SHARE:**

In determining the Earnings Per share, the company considers the net profit after tax which does not include any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.



**16. CASH FLOW:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

**C. CHANGES IN ACCOUNTING POLICIES IN THE PERIOD/YEARSS COVERED IN THE RESTATED FINANCIALS**

There is no change in significant accounting policies which requires any adjustments in Restated Financial Statements.

**D. NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS**

1. The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
2. The Company does not have information as to which of its supplier are Micro small and Medium Enterprise registered under The Micro small and Medium Enterprise Development Act 2006. Consequently the liability, if any, of interest which would be payable under The Micro small and Medium Enterprise Development Act 2006, cannot be ascertained. However, the Company has not received any claims in respect of such interest and as such, no provision has been made in the books of accounts.

**3. Segment Reporting (AS 17)**

The Company is not required to disclose the information required by Accounting Standard- 17. No separate segments have, however, been reported as the company does not have more than on business Segments within the meaning of Accounting standard -17, which differ from each other in risk and reward.

**4. Provisions, Contingent Liabilities and Contingent Assets (AS 29)**

Contingent liabilities and commitments (to the extent not provided for). There are no contingent liabilities as on March 31, 2016 except as mentioned in Annexure -T, for any of the years covered by the statements.

**5. Related Party Disclosure (AS 18)**

Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure – Q of the enclosed financial statements.

**6. Earnings Per Share (AS 20):**

Earnings per Share have been calculated is already reported in the Annexure –P of the enclosed financial statements.

**7. Employee Benefit (AS-15):**

The Company has adopted the Accounting Standard 15 (revised 2005) on Employee Benefits as per an actuarial valuation carried out by an independent actuary. The disclosures as envisaged under the standard are as under:-

**For Gratuity:-**

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
<b>1. The amounts recognized in the Balance Sheet are as follows:-</b>					
Present value of unfunded obligations recognized	11,10,816	8,52,794	7,88,917	6,39,159	5,56,770
<b>2. The amounts recognized in the Profit &amp; Loss A/c are as follows</b>					
Current service cost	2,06,761	1,76,384	1,62,620	1,53,937	5,56,770

Interest cost	68,224	63,113	51,133	44,542	0
Net actuarial (gain)/loss recognized in the period	(16,963)	(1,75,620)	(63,995)	(1,16,090)	0
Expenses to be recognized in the statement of profit and loss accounts	2,58,022	63,877	1,49,758	82,389	5,56,770
<b>3. Changes in the present value of defined benefit obligation</b>					
Defined Benefit obligation at the beginning of the period	8,52,794	7,88,917	6,39,159	5,56,770	0
Interest cost	68,224	63,113	51,133	44,542	0
Current service cost	2,06,761	1,76,384	1,62,620	1,53,937	5,56,770
Benefits paid (if any)	0	0	0	0	0
Actuarial (gain)/loss	(16,963)	(1,75,620)	(63,995)	(1,16,090)	0
Defined Benefit of the obligation at the end of the period	11,10,816	8,52,794	7,88,917	6,39,159	5,56,770
<b>Benefit Description</b>					
Benefit Type	<b>Gratuity Valuation As per Act</b>				
Retirement Age	58 Years	58 Years	58 Years	58 Years	58 Years
Vesting Period	5 Years	5 Years	5 Years	5 Years	5 Years
<b>The principal actuarial assumptions for the above are as follows:-</b>					
Salary Growth Rate	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %
Discount rate	8.00 %	8.00 %	8.00 %	8.00 %	8.00 %
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Withdrawal rate (Per Annum)	2.00%	2.00%	2.00%	2.00%	2.00%

**For Leave Encashment:-**

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
<b>1. The amounts recognized in the Balance Sheet are as follows:-</b>					
Present value of unfunded obligations recognized	7,48,362	5,52,819	4,67,149	3,99,236	3,23,841
<b>2. The amounts recognized in the Profit &amp; Loss A/c are as follows</b>					
Current service cost	1,72,909	1,28,933	1,21,421	1,12,619	3,23,841
Interest cost	44,226	37,372	31,939	25,907	0
Net actuarial (gain)/loss recognized in the period	(21,592)	(80,635)	(85,447)	(63,131)	0
Expenses to be recognized in the statement of profit and loss accounts	1,95,543	85,670	67,912	75,395	3,23,841
<b>3. Changes in the present value of defined benefit obligation</b>					
Defined Benefit obligation at the beginning of the period	5,52,819	4,67,149	3,99,236	3,23,841	0
Interest cost	44,226	37,372	31,939	25,907	0
Current service cost	1,72,909	1,28,933	1,21,421	1,12,619	3,23,841
Benefits paid (if any)	0	0	0	0	0
Actuarial (gain)/loss	(21,592)	(80,635)	(85,447)	(63,131)	0
Defined Benefit obligation at the end of the period	7,48,362	5,52,819	4,67,149	3,99,236	3,23,841
<b>Benefit Description</b>					
Benefit Type	<b>Leave Encashment Valuation As per Act</b>				
Retirement Age	58 Years	58 Years	58 Years	58 Years	58 Years
Vesting Period	As per company	As per company	As per company	As per company	As per company
<b>The principal actuarial assumptions for the above are as follows:-</b>					



Salary Growth Rate	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %
Discount rate	8.00 %	8.00 %	8.00 %	8.00 %	8.00 %
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Withdrawal rate (Per Annum)	2.00%	2.00%	2.00%	2.00%	2.00%

## 8. MATERIAL ADJUSTMENTS [AS PER SEBI (ICDR) REGULATIONS, 2009]

Appropriate adjustments have been made in the restated financial statements, whenever required, by reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to ensure consistency and compliance with requirement of Company Act 1956, and as replaced by Company Act 2013 after 01<sup>st</sup> April 2014 and Accounting Standards.

The Summary of results of restatements made in the audited financial statements of the Company for the respective period / years and their impact on the profit / (losses) and assets and liabilities of the Company is as under.

### Statement of adjustments in the Financial Statements

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years/ period and its impact on the profit & losses of the company.

#### 1. Statement of Profit and Loss after Tax

**Table -1**

	Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
	<b>Net Profit After Tax As Per Audited Accounts</b>	3,13,26,1 34	2,22,46,0 99	3,73,54,7 78	2,23,72,5 44	45,01,80 3
	Adjustments :-					
A	Preliminary Expenses Written off Fully in the First Year As per AS 26. Differential Amount now transferred to Profit and Loss Account	-	-	(1,91,706)	(2,02,585)	3,94,291
B	Gratuity & Leave Encashment short (Excess) provided	(8,97,479)	(3,31,092)	(3,44,050)	97,568	(3,16,317)
(A+B)	Net Adjustment in Profit and Loss Account	(8,97,479)	(3,31,092)	(5,35,756)	(1,05,017)	77,974
	<b>Net Profit/(Loss) After Tax as per restated accounts:</b>	<b>3,22,23,6 13</b>	<b>2,25,77,1 91</b>	<b>3,78,90,5 34</b>	<b>2,24,77,5 61</b>	<b>44,23,82 9</b>

#### **Adjustment on account of Gratuity and Leave Encashment:**

During the process of Restatement, the expenses on account of Gratuity and Leave Encashment have been recalculated after considering the Valuation Report of the Independent Actuary. The figures for earlier years have been adjusted in the respective year.

#### 9. Realizations:

In the opinion of the Board and to the best of its knowledge and belief, the value on realisation of current assets, loans and advances will, in the ordinary course of business, not be less than the amounts at which they are stated in the Balance sheet.

#### 10. Contractual liabilities

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

**11. Amounts in the financial statements**

Amounts in the financial statements are rounded off to nearest rupee. Figures in brackets indicate negative values.

**ANNEXURE – A**

**STATEMENT OF SHARE CAPITAL, RESERVES AND SURPLUS**

(Rs. In Lakhs Except per share data)

Particulars	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Share Capital</b>					
<b>Authorized Share Capital</b>					
No. of Equity shares of Rs.10 each	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Equity Share Capital (in Rs.)	4,000	4,000	4,000	4,000	4,000
<b>Issued, Subscribed and Paid up Share Capital</b>					
No. of Equity Shares of Rs. 10 each fully paid up	17,147,670	17,147,670	17,147,670	17,147,670	17,147,670
Equity Share Capital (in Rs.)	1,714.77	1,714.77	1,714.77	1,714.77	1,714.77
<b>Total</b>	<b>1,714.77</b>	<b>1,714.77</b>	<b>1,714.77</b>	<b>1,714.77</b>	<b>1,714.77</b>
<b>Reserves and Surplus</b>					
A) Securities Premium	555.30	555.30	555.30	555.30	555.30
<b>Total (A)</b>	<b>555.30</b>	<b>555.30</b>	<b>555.30</b>	<b>555.30</b>	<b>555.30</b>
B) Capital Reserves	494.61	565.13	565.13	348.95	218.21
<b>Total (B)</b>	<b>494.61</b>	<b>565.13</b>	<b>565.13</b>	<b>348.95</b>	<b>218.21</b>
C) General Reserves	0.00	0.00	0.00	0.00	0.00
<b>Total (C)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
D) Surplus in Profit and Loss account					
Opening Balance	966.29	840.17	561.57	336.79	510.76
Add: Restated profit/(Loss) for the year	322.24	225.77	378.91	224.78	-173.97
Add: Adjustment for IPS from Previous Year	165.61	0.00	0.00	0.00	0.00
Less: Dividend payable and Adjustment	105.88	99.65	100.31	0.00	0.00
<b>Total (D)</b>	<b>1348.27</b>	<b>966.29</b>	<b>840.17</b>	<b>561.57</b>	<b>336.79</b>
<b>Total (A+B+C+D)</b>	<b>2398.17</b>	<b>2086.71</b>	<b>1960.59</b>	<b>1465.81</b>	<b>1110.30</b>

1. The figures mentioned in the bracket represent absolute number of shares.
2. Terms/rights attached to equity shares:
  - i. The company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share
  - ii. In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.
3. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

4. Company does not have any Revaluation Reserve.
5. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

6. The reconciliation of the number of shares outstanding as at: -

Particulars	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
Number of shares at the beginning	17,147,670	17,147,670	17,147,670	17,147,670	17,147,670
Add: Shares issued during the year	0.00	0.00	0.00	0.00	0.00
Number of shares at the end	17,147,670	17,147,670	17,147,670	17,147,670	17,147,670

7. The detail of shareholders holding more than 5% of Shares as at: -

Name of Share Holder	As at ( No of Shares)				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
Ashva Multitrade Pvt. Ltd	2,034,680	2,034,680	2,034,680	2,034,680	6,479,180
Rameshbhai Chotabhai Patel	2,251,563	2,251,563	2,251,563	2,251,563	2,251,563
Rajesh Purnamal Bansal	913,125	913,125	913,125	994,375	1,134,375
Anand Vyapaar Pvt Ltd	3,304,356	3,304,356	3,477,500	3,477,500	0.00
Mangalmayee Stock Management Pvt.Ltd.	1,935,972	1,935,972	1,764,050	1,528,800	0.00
Sensex Tracom Private Limited	2,421,300	2,421,300	2,421,300	2,421,300	0.00
Safford Mercantile Pvt Ltd	2,116,700	2,116,700	2,116,700	2,116,700	0.00
Mauli Financial Services Pvt Ltd	0.00	0.00	0.00	603,048	3,024,348
Raj Gharana Merchant Pvt Ltd	0.00	0.00	0.00	0.00	2,678,500

**ANNEXURE-B**
**STATEMENT OF LONG TERM AND SHORT TERM BORROWINGS**

(Rs. In Lakhs)

PARTICULARS	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Long Term Borrowings</b>	-	-			
<b>From Banks/Financial Institutions (Secured)</b>					
Term Loans	801.45	431.47	1,328.94	385.47	1,081.52
<b>Loans and advances (Unsecured)</b>					
From Promoters/Directors/Related Parties	-	-	-	-	-
From others	-	50.00	50.00	50.00	50.00
<b>Total</b>	<b>801.45</b>	<b>481.47</b>	<b>1,378.94</b>	<b>435.47</b>	<b>1,131.52</b>
<b>Current portion of long-term borrowings, included under Other current liabilities</b>					
Term Loans and Car Loan	385.71	431.47	385.47	389.26	350.92
<b>Short Term Borrowings</b>					
<b>From Banks (Secured)</b>					



Cash Credit	1,639.28	1,719.96	1,310.95	1,335.07	1,575.82
Pledge Loan	-	516.91	504.57	202.30	447.23
<b>Total</b>	<b>1,639.28</b>	<b>2,236.87</b>	<b>1,815.52</b>	<b>1,537.37</b>	<b>2,023.05</b>
<b>The above amount includes:</b>					
Secured Borrowings	2,826.44	3,099.81	3,529.92	2,312.10	3,455.49
Unsecured Borrowings	-	50.00	50.00	50.00	50.00

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
4. The terms and conditions and other information in respect of Secured Loans are given in Annexure -B (A)
5. The terms and conditions and other information in respect of Unsecured Loans are given in Annexure - B (B)



**Statement of Principal Terms of Secured Loans and Assets Charged as Security**

**ANNEXURE-B (A)**

**A. Loan from Banks / Financial Institutions**

(Rs. In Lakhs)

Name of Lender	Purpose	Sanction Amount	Rate of interest	Securities offered*	As At				
					31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
<b>Secured Loan</b>									
State Bank of India	Working Capital (Cash Credit)	1800.00	11-12 to 14-15 Base Rate (i.e. 9.50% p.a.) + 4.50% i.e., 14.25%	<b>Primary Security:</b> CC: First & exclusive charge on all present and future current and movable assets including movable fixed assets. <b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.	-	-	1,310.95	1,335.07	1,575.85
HDFC Bank Limited	Working Capital (Cash Credit)	2000.00	Base Rate + 1.80% i.e. 11.50%	<b>Primary Security:</b> CC: First & exclusive charge on all present and future current and movable assets including movable fixed assets. <b>Collateral Assets:</b> Factory Land and Building at Gut No. 399, 400 Kajala-Samangaon Road, Village - Samangaon Taluka and Dist. Jalna	1,639.28	1,719.98	-	-	-
State Bank of India	Working Capital (Warehouse Loan)				-	516.91	504.58	202.30	447.23





State Bank of India	Term Loan I (Machinery) 3600 Spindles		Base Rate (i.e. 9.50% p.a.) + 4.50% i.e., 14.25%	<p><b>Primary Security:</b>  <b>CC:</b> Hypothecation charge of all assets purchased for the projects.  Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b>  Registered Mortgage on properties of Guarantors  Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	-	-	142.69	169.05	193.27
State Bank of India	Term Loan II (Machinery) Ginning		Base Rate (i.e. 9.50% p.a.) + 4.50% i.e., 14.25%	<p><b>Primary Security:</b>  <b>CC:</b> Hypothecation charge of all assets purchased for the projects.  Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b>  Registered Mortgage on properties of Guarantors  Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	-	-	48.08	113.84	174.49



State Bank of India	Term Loan I (Machinery) (Spinning)		Base Rate (i.e. 9.50% p.a.) + 4.50% i.e., 14.25%	<p><b>Primary Security:</b> CC: Hypothecation charge of all assets purchased for the projects. Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	-	-	543.31	820.07	1,086.32
State Bank of India	Term Loan I (Machinery) (Open End)	780.00	Base Rate (i.e. 9.50% p.a.) + 4.50% i.e., 14.25%	<p><b>Primary Security:</b> Hypothecation charge of all assets purchased for the projects. Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	-	-	728.33	622.87	-



HDFC Bank Limited	3600	131.00	Base Rate + 1.80% i.e. 11.50%	<p><b>Primary Security:</b> Hypothecation charge of all assets purchased for the projects. Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	73.98	114.87	-	-	-
HDFC Bank Limited	Ginning	2.44	Base Rate + 1.80% i.e. 11.50%	<p><b>Primary Security:</b> Hypothecation charge of all assets purchased for the projects. Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	-	0.70	-	-	-



HDFC Bank Limited	OE	694.76	Base Rate + 1.80% i.e. 11.50%	<p><b>Primary Security:</b> Hypothecation charge of all assets purchased for the projects. Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	397.36	648.14	-	-	-
HDFC Bank Limited	Spinning	431.71	Base Rate + 1.80% i.e. 11.50%	<p><b>Primary Security:</b> Hypothecation charge of all assets purchased for the projects. Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	131.95	348.06	-	-	-



SVC Bank Limited	Term Loan	665.00	Base Rate + 1.80% i.e. 11.50%	<p><b>Primary Security:</b> Hypothecation charge of all assets purchased for the projects. Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	504.19	646.06	-	-	-	
HDFC Bank Limited	Carding	83.42	Base Rate + 1.80% i.e. 11.50%	<p><b>Primary Security:</b> Hypothecation charge of all assets purchased for the projects. Registered Mortgage on factory land and building constructed on plot bearing Gut No. 399, 400 at Kajala Samangaon Road, Jalna</p> <p><b>Collateral Assets:</b> Registered Mortgage on properties of Guarantors Registered Mortgage charge on Fixed Assets of the Factory Building.</p>	75.83	-	-	-	-	
* Please see Note 1 and Note 2 for the details of Collateral Security & Personal Guarantee respectively.										
<b>Note 1</b>										
<b>Collateral Security :</b>										
<b>Description</b>							<b>Area of Property</b>	<b>Valuation</b>		



1. Registered Equitable Mortgage of industrial plot & building located at Gut No.66,400 at Kajala Samangaon Road ,Jalna							15 Acre (Approx.)	2274.00	
<b>Note 2</b>									
<b>Personal Guarantee of :</b>									
1. Mr. Rameshbhai Patel (director)									
2. Mr. Rajesh Bansal (director)									
3. Mr. Sanjay Rathi (director)									
4. Mr. Shivratn Mundada (relative)									
5. Ashok Mundada (Shareholder)									
6. Ramesh Mundada (Shareholder)									
7. Amit Mundada (Shareholder)									
8. Vikas Bansal (Shareholder)									
<b>B. Machinery / Vehicle Loans From Banks &amp; Financial Institutions</b>								<b>(Rs. In Lakhs)</b>	
Name of Lender	Purpose	Sanctioned Amount	Rate of interest	Securities offered	As At Rs.				
					31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
HDFC Bank Limited	Vehicle Loan	-	Average cost of borrowing to the extent 11% to 15%	Hypothecation of Vehicle	-	-	-	0.25	3.06
HDFC Bank Limited	Vehicle Loan	10.00		Hypothecation of Vehicle	-	-	-	3.41	6.72
HDFC Bank Limited	Vehicle Loan	17.90		Hypothecation of Vehicle	-	-	-	-	6.79
HDFC Bank Limited	Vehicle Loan	-		Hypothecation of Vehicle	-	2.55	0.89	2.49	3.87
Mahesh Patsanstha	Vehicle Loan	7.48		Hypothecation of Vehicle	-	-	-	-	0.60
HDFC Bank Limited	Vehicle Loan	3.86		Hypothecation of Vehicle	-	-	3.68	-	-
HDFC Bank Limited	Vehicle Loan	4.11		Hypothecation of Vehicle	3.86	-	-	-	-

**STATEMENT OF TERMS & CONDITIONS OF UNSECURED LOANS****ANNEXURE-B (B)****((Rs. In Lakhs))**

<b>1. Details Of Unsecured Loans outstanding as at the end of the respective periods from Directors / Promoters / Promoter Director / Promoter Group / Associates / Relatives Of Directors / Group Companies</b>					
Unsecured Loans from Directors/Promoters/Promoter Director/Promoter Group/Associates/Relatives Of Directors/Group Companies are generally at @ 0% p.a. interest rate, which can be reviewed as per mutually agreed terms from time to time.					
Long Term in nature. Generally not repayable on demand. Repayable as per mutually agreed terms from time to time.					
<b>Details of Unsecured Loans from Group Company</b>					
<b>Name : Gayatri Ginning &amp; Pressing Pvt Ltd</b>					
<b>Rate of Interest- 0%</b>					
<b>Particulars</b>	<b>31/03/16</b>	<b>31/03/15</b>	<b>31/03/14</b>	<b>31/03/13</b>	<b>31/03/12</b>
Opening Balance	50.00	50.00	50.00	50.00	50.00
Amount Received/credited	-	-	-	-	-
Interest	-	-	-	-	-
Amount repaid/adjusted	50.00	-	-	-	-
TDS	-	-	-	-	-
Outstanding Amount	-	50.00	50.00	50.00	50.00

**ANNEXURE - C****STATEMENT OF DEFERRED TAX (ASSETS) / LIABILITIES****(Rs. In Lakhs)**

<b>Particulars</b>	<b>For the year ended</b>				
	<b>3/31/2016</b>	<b>3/31/2015</b>	<b>3/31/2014</b>	<b>3/31/2013</b>	<b>3/31/2012</b>
<b>Opening Balance (A)</b>					
Opening Balance of Deferred Tax (Asset) / Liability	0.00	0.00	0.00	0.00	(53.58)
<b>Current Year Provision (B)</b>					
(DTA) / DTL on Depreciation	58.65	131.98	123.89	128.37	103.55
(DTA) / DTL on Provision for Gratuity/Carry Forward Losses	5.73	3.48	1.82	4.53	29.76
<b>Closing Balance of Deferred Tax (Asset) / Liability (A+B)</b>	<b>(52.92)</b>	<b>(128.50)</b>	<b>(122.07)</b>	<b>(123.84)</b>	<b>(73.79)</b>

**Note:** The above statement should be read with the significant accounting policies and notes to restated summary statement of profit and loss account and cash flows statement as appearing in Annexure IV, I, I and III .

**ANNEXURE - D****STATEMENT OF LONG TERM PROVISIONS****(Rs. In Lakhs)**

<b>Particulars</b>	<b>As at</b>				
	<b>3/31/2016</b>	<b>3/31/2015</b>	<b>3/31/2014</b>	<b>3/31/2013</b>	<b>3/31/2012</b>
<b>Provision for Employee Benefits</b>					
Gratuity Provision	11.11	8.53	7.89	6.39	5.57
Other Provision	7.48	5.53	4.67	3.99	3.24
<b>TOTAL</b>	<b>18.59</b>	<b>14.06</b>	<b>12.56</b>	<b>10.38</b>	<b>8.81</b>



**ANNEXURE - E****STATEMENT OF TRADE PAYABLES**

(Rs. In Lakhs)

PARTICULARS	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Trade Payables</b>					
Micro, Small and Medium Enterprises	-	-	-	-	-
For Goods & Services	239.69	301.15	750.57	346.40	928.28
<b>Total</b>	<b>239.69</b>	<b>301.15</b>	<b>750.57</b>	<b>346.40</b>	<b>928.28</b>

**Notes**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. The Company does not possess information as to which of its creditors are ancillary Industrial Undertaking/ Small/Micro/Medium Scale Industry as per the Micro, Small, Medium Enterprises Development Act, 2006. The Company has not received any claim with respect to interest due to such Creditors.

**ANNEXURE - F****STATEMENT OF OTHER CURRENT LIABILITIES AND SHORT TERM PROVISIONS**

(Rs. In Lakhs)

PARTICULARS	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Other Current Liabilities</b>					
Current maturities of long-term borrowings					
- Term Loan/Car Loan	385.71	431.47	385.47	389.26	350.92
Advance from Customers	16.15	22.76	18.78	16.17	16.19
Other Payables	99.60	108.55	56.86	63.32	89.42
Salary Payable	-	-	8.41	9.75	6.71
Staff & Labour Welfare Payable	-	-	-	-	3.93
Statutory Dues	32.44	7.78	37.68	6.05	9.47
<b>Total</b>	<b>533.90</b>	<b>570.56</b>	<b>507.21</b>	<b>484.55</b>	<b>476.65</b>
<b>Short-Term Provisions</b>					
Provision for Income Tax (Net of Advance Tax and TDS)	56.50	70.00	92.99	68.48	17.22
Dividend Payable	85.74	85.74	85.74	-	-
Dividend Tax Payable	17.45	13.91	14.57	-	-
<b>Total</b>	<b>159.69</b>	<b>169.65</b>	<b>193.29</b>	<b>68.48</b>	<b>17.22</b>

**Notes**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE - G****STATEMENT OF FIXED ASSETS****(Rs. In Lakhs)**

PARTICULARS	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Tangible Assets</b>					
Land	27.88	27.88	28.15	28.15	28.15
Ginning Building	-	-	6.15	573.43	486.60
Spinning Buildings	773.98	803.08	738.04	144.49	97.31
Electrical Installations	84.52	105.10	67.34	84.19	87.53
Plant & Machinaries	1,791.65	2,312.79	2,110.01	2,248.97	2,111.33
Other Misc. Fixed Assets	153.51	7.86	166.07	210.36	196.95
Computers Systems	0.08	5.13	6.48	3.26	4.32
Furniture & Fixture	15.63	148.94	35.40	37.85	29.81
Office Equipment	0.33	16.20	4.43	4.57	3.42
Vehicles & Others	23.87	20.19	27.07	29.00	43.29
<b>Total Tangible Assets</b>	<b>2,871.46</b>	<b>3,447.16</b>	<b>3,189.16</b>	<b>3,364.27</b>	<b>3,088.71</b>
<b>Intangible Assets</b>				-	-
<b>Capital Work-in-Progress</b>	140.71	-	127.95	145.81	129.82
<b>Intangible assets under development</b>				-	-
<b>Grand Total</b>	<b>3,012.17</b>	<b>3,447.16</b>	<b>3,317.10</b>	<b>3,510.08</b>	<b>3,218.53</b>

**Notes**

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE - H****STATEMENT OF NON-CURRENT INVESTMENTS****(Rs. In Lakhs)**

Particulars	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Non Current Investment</b>					
<b>(Other Than Trade, at Cost)</b>					
<b>Investment in Equity Shares of Listed Company</b>					
NHPC Ltd	-	0.21	0.21	0.21	0.21
ICICI Bank	-	0.04	0.04	0.04	0.04
NCC	-	0.29	0.29	0.29	0.29
Tamil Nadu Petro	-	0.05	0.05	0.05	0.05
<b>Sub Total (A)</b>	-	<b>0.60</b>	<b>0.60</b>	<b>0.60</b>	<b>0.60</b>
<b>Mutual Funds</b>					
SBI Growth Fund	-	-	-	10.00	10.00
<b>Sub Total (B)</b>	-	-	-	<b>10.00</b>	<b>10.00</b>
<b>Total (A+B)</b>	-	<b>0.60</b>	<b>0.60</b>	<b>10.60</b>	<b>10.60</b>
Aggregate Value of Quoted Investment	-	0.60	0.60	10.60	10.60

**Notes :**

- The figures mentioned in the bracket represent absolute number of shares.

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE - I**

**STATEMENT OF INVENTORIES**

(Rs. In Lakhs)

PARTICULARS	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Particulars</b>					
Raw Materials	1,303.01	1,673.45	1,317.47	554.29	1,263.04
Stock- in-Process	71.10	63.18	67.94	52.29	54.35
Finished Goods & Knitted fabric	128.29	240.80	240.68	219.06	218.44
Stores, Spares Consumables & packing material	169.15	143.55	67.66	49.13	60.07
Salable Waste	-	-	40.52	57.17	29.94
<b>Total</b>	<b>1,671.56</b>	<b>2,120.98</b>	<b>1,734.27</b>	<b>931.95</b>	<b>1,625.84</b>

Note:- Inventory has been physically verified by the management of the Company at the end of respective year/period

**ANNEXURE - J**

**STATEMENT OF TRADE RECEIVABLES**

(Rs. In Lakhs)

PARTICULARS	As At				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
Outstanding for a period exceeding six months (Unsecured and considered Good)					
From Directors/Promoters/Promoter Group/Associates/ Relatives of Directors/ Group Companies.	-			-	-
Others	22.28	78.59	3.48	3.51	-
Outstanding for a period not exceeding 6 months (Unsecured and considered Good)					
From Directors/Promoters/Promoter Group/Associates/ Relatives of Directors/ Group Companies.	-			-	-
Others	2,058.17	1,669.10	2,210.04	1,278.78	1,430.78
<b>Total</b>	<b>2,080.44</b>	<b>1,747.69</b>	<b>2,213.52</b>	<b>1,282.28</b>	<b>1,430.78</b>

Note:-

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
- List of persons/entities classified as 'Promoters' and 'Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**ANNEXURE - K**

**STATEMENT OF CASH & CASH EQUIVALENTS**

(Rs. In Lakhs)

PARTICULARS	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
Cash in Hand (As Certified by Management)	16.53	4.28	8.30	0.53	10.10
Balances with Banks					
- In Current Accounts	102.28	104.19	9.55	16.84	6.80



- In Bank Deposits	130.91	405.46	193.27	132.96	126.21
<b>Total</b>	<b>249.72</b>	<b>513.93</b>	<b>211.12</b>	<b>150.33</b>	<b>143.11</b>

Note:- Bank Deposits are under Lien against Bank Credit Facilities

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE - L**

**STATEMENT OF SHORT-TERM LOANS AND ADVANCES**

(Rs. In Lakhs)

PARTICULARS	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Unsecured, Considered Good unless otherwise stated</b>					
Capital advance	-	-	-	-	277.01
Other Loans & Advances	-	-	-	19.89	12.23
Balance with Parties	9.13	20.13	8.38	561.04	78.80
Advance given to Suppliers	145.12	124.51	33.48	41.45	25.76
Balances with Excise, Sales Tax and Government Authorities	55.58	53.16	78.06	55.46	70.48
Deposit	3.84	3.79	1.44	0.34	0.36
<b>Total</b>	<b>213.67</b>	<b>201.59</b>	<b>121.35</b>	<b>678.18</b>	<b>464.64</b>

Note:-

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.
3. List of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.

**ANNEXURE - M**

**STATEMENT OF OTHER CURRENT ASSETS**

(Rs. In Lakhs)

PARTICULARS	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
Prepaid Expenses	10.25	11.94	16.68	19.26	24.38
IPS Receivable	232.24	465.90	465.28	457.23	536.96
Interest Receivable under Tufts	78.13	84.95	107.64	82.15	72.26
Duty Receivable	10.29	6.45	20.53	22.27	-
<b>Total</b>	<b>330.90</b>	<b>569.25</b>	<b>610.13</b>	<b>580.90</b>	<b>633.60</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE - N****STATEMENT OF OTHER INCOME**

(Rs. In Lakhs)

Particulars	For the year ended			For the year ended	
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Related and Recurring Income:</b>					
Other Income	5.01	0.71	-	13.85	2.21
Duty Drawback	5.10	14.54	16.35	-	-
Interest On Bank FD & Others	-	-	44.41	73.35	104.03
<b>Sub Total (A)</b>	<b>10.11</b>	<b>15.26</b>	<b>60.76</b>	<b>87.20</b>	<b>106.24</b>
<b>Related and Non Recurring Income:</b>					
Liability Written back	-	2.27	-	-	-
Subsidy From Nabard	25.00	25.00	-	-	-
IPS Received	-	161.52	-	-	218.21
<b>Sub Total (B)</b>	<b>25.00</b>	<b>188.79</b>	<b>-</b>	<b>-</b>	<b>218.21</b>
<b>Total (A+B)</b>	<b>35.11</b>	<b>204.05</b>	<b>60.76</b>	<b>87.20</b>	<b>324.45</b>

**Notes:**

1. The classification of other income as recurring/not-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.
2. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
3. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE - O****STATEMENT OF TURNOVER**

(Rs. In Lakhs)

Particulars	For the year ended				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
(i) Turnover of Products Manufactured by the Issuer Company	11,311.17	10,451.81	11,451.77	10,150.62	8,247.02
(ii) Turnover of Products Traded by the Issuer Company	-	-	-	-	-
* (iii) Turnover in respect of Products not Normally dealt in by the Issuer Company but included in (ii) above	-	-	-	-	-
Job Work Income	10.36	21.03	-	-	-
<b>Total</b>	<b>11,321.52</b>	<b>10,472.84</b>	<b>11,451.77</b>	<b>10,150.62</b>	<b>8,247.02</b>

\*As per information provided to us by the Issuer, there is no such item.

**ANNEXURE - P****STATEMENT OF MANDATORY ACCOUNTING RATIOS**

Particulars	(Rs. In Lakhs)				
	As at				
	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Net Worth (A)	4,112.94	3,801.48	3,675.36	3,180.58	2,825.07
Restated Profit after tax	322.24	225.77	378.91	224.78	44.24
Less: Prior Period Item/Extra Ordinary Items	-	-	-	-	1.96
Adjusted Profit after Tax (B)	322.24	225.77	378.91	224.78	42.28
Number of Equity Share outstanding as on the End of Year/Period ( c )	171.48	171.48	171.48	171.48	171.48

Weighted average no of Equity shares at the time of end of the year (D)	171.48	171.48	171.48	171.48	171.48
Current Assets (G)	0.05	0.05	0.05	0.04	0.04
Current Liabilities (H)	2,572.56	3,278.23	3,266.59	2,436.80	3,445.20
Face Value per Share	10.00	10.00	10.00	10.00	10.00
Restated Basic and Diluted Earning Per Share (Rs.) (B/D)	1.88	1.32	2.21	1.31	0.25
Return on Net worth (%) (B/A)	7.83%	5.94%	10.31%	7.07%	1.50%
Net asset value per share (A/D) (Face Value of Rs. 10 Each)	23.99	22.17	21.43	18.55	16.47
Current Ratio (G/H)	0.00	0.00	0.00	0.00	0.00

Note:-

- Earnings per share = Profit available to equity shareholders/ weighted avg number of outstanding of equity shares during the year.
- Weighted Average number of outstanding Equity Shares has been calculated in terms of the requirement of Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006.
- Return on Net worth (%) = Profit available for Equity shareholders/Net worth X 100.
- Net asset value/Book value per share (Rs.) = Net worth/No. of equity shares at the end of period/Year
- Current Ratio= Current Assets/ Current Liabilities.
- The company does not have any revaluation reserves or extraordinary items except mentioned above
- As there is no dilutive capital in the company, Basic and Diluted EPS are similar.
- Net Profit, before extra ordinary items as appearing in the Statement of restated profits and losses, and Net Worth as appearing in the restated statement of Assets & Liabilities has been considered for the purpose of computing the above ratios.
- Net asset value per share (Face value of Rs. 10 Each) has been computed considering the outstanding number of share as at the end of year.
- Net worth for ratios mentioned represent equity share capital and reserves and surplus. Refer Annexure A for components of Reserves and Surplus.

#### ANNEXURE Q

#### STATEMENT OF RELATED PARTY TRANSACTION

(Rs. In Lakhs)

a)	Names of the related parties with whom transactions were carried out during the years and description of relationship:		
1	Mr. Sanjay Rathi	-	Director
2	Mr. Shivratn Mundada	-	Director
3	Mr. Bhavesh Bhai Patel	-	Director
4	Mr. Rajesh Bansal	-	Director
5	Mr. Raghunandan Rathi	-	Relative of Director
6	Mr. Jagdish Rathi	-	Relative of Director
7	Mrs. Prafullata Rathi	-	Relative of Director
8	Mr. Piyush Shivratn Mundada	-	Relative of Director
9	Mrs. Sarla Shivratn Mundada	-	Relative of Director
10	Gayatri Ginning & Prsing Pvt. Ltd.	-	Director of the company is Director's Relative
11	Shri Sanjay Rathi (HUF)	-	Karta is Director
12	Shri Jagdish Rathi (HUF)	-	Karta is Director Relative

#### 1. Transactions with Companies / Entities owned / significantly influenced by directors

(Rs. In Lakhs)

Sr. No	Nature of Transactions					
		31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
<b>A</b>	<b>Transaction During the Year</b>					
	Purchase of Goods	-	-	3.18	-	-
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>					

## 2. Companies / Entities owned / significantly influenced by relatives of directors

Sr. No	Nature of Transactions	As At				
		31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
<b>A</b>	<b>Transaction During the Year</b>					
	Purchase of Goods	600.20	1,251.58	569.12	-	-
	Sale of Goods	1,051.43				
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>					
	Gayatri Ginning & Pressing Factory (ICD)	-	(50.00)	(50.00)	(50.00)	(50.00)
	Gayatri Ginning & Pressing Factory	(1.00)	(8.61)	-	-	-
<b>3. Transactions with key management personnel</b>						
Sr. No	Nature of Transactions	As At				
		31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
<b>A</b>	<b>Transaction During the Year</b>					
	Remuneration Paid	35.40	28.80	19.20	19.20	9.49
	Loans Accepted	-	3.53	-	-	6.35
	Sitting Fees	-	-	-	-	0.06
	Purchase of Goods	3.11	6.15	10.55	5.72	-
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>					
	Sanjay Rathi	0.74	(1.12)	(0.53)	(0.76)	(0.75)
	Shivratan Mundra	0.24	(0.49)	(0.49)	(0.27)	0.27
<b>4. Transaction with Relative of KMP</b>						
Sr. No	Nature of Transactions	As At				
		31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
<b>A</b>	<b>Transaction During the Year</b>					
	Purchase of Goods	-	1.77	12.36	5.73	1.44
<b>B</b>	<b>Closing Balance Dr/(Cr)</b>					

**ANNEXURE - R****STATEMENT OF CAPITALISATION**

(Rs. In Lakhs)

Particulars	Pre-Issue	Post-Issue
	3/31/2016	
<b>Debt</b>		
Short Term Debt	1,639.28	1,639.28
Long Term Debt	1,187.17	1,187.17
<b>Total Debt</b>	<b>2,826.44</b>	<b>2,826.44</b>
<b>Shareholders' Fund (Equity)</b>		
Share Capital	1,714.77	1,714.77
Reserves & Surplus	2,398.17	[•]
Less: Miscellaneous Expenses not w/off	-	-
<b>Total Shareholders' Fund (Equity)</b>	<b>4,112.94</b>	<b>[•]</b>
Long Term Debt/Equity Shareholders' Fund	<b>0.29</b>	<b>[•]</b>
Total Debt/Equity Shareholders' Fund	<b>0.69</b>	<b>[•]</b>

**Note**

s:

1. Short term Debts represent which are expected to be paid/ payable within 12 months and excludes installment of term loans repayable within 12 months.



2. Long term Debts represent debts other than Short term Debts as defined above but includes installment of term loans repayable within 12 months grouped under other current liabilities

**ANNEXURE - S**

**STATEMENT OF TAX SHELTER**

Particulars		(Rs. In Lakhs)				
		As at				
		3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
A	Profit before taxes as restated (A)	286.12	297.55	470.13	343.30	79.81
	Normal Tax Rate Applicable %	0.32	0.32	0.32	0.32	0.32
	MAT Tax Rate Applicable %	0.20	0.20	0.20	0.20	0.20
	<b>Adjustments:</b>					
	<b>Permanent Differences</b>	1.19	6.57	5.74	0.30	2.94
	Donation	-	1.50	-	-	-
	Capital Gain on Sale of Assets	(2.84)	16.21	-	-	1.96
	<b>Total Permanent Differences (B)</b>	<b>(1.64)</b>	<b>24.28</b>	<b>5.74</b>	<b>0.30</b>	<b>4.91</b>
C	<b>Timing Difference</b>					
	IT Depreciation	463.70	656.87	459.20	505.15	458.46
	Companies ACT Depreciation	690.29	618.73	473.01	428.65	395.82
	Amount Debited to P & L to the extent Disallowable U/s 43B	13.98	7.90	4.21	1.12	3.42
	<b>Total Timing Differences (C )</b>	<b>240.57</b>	<b>(30.24)</b>	<b>18.03</b>	<b>(75.38)</b>	<b>(59.22)</b>
D	<b>Net Adjustment = (B+C)</b>	<b>238.93</b>	<b>(5.96)</b>	<b>23.77</b>	<b>(75.09)</b>	<b>(54.31)</b>
	<b>Tax Expenses/ (Saving) thereon</b>					
	<b>Income from Other Sources (E)</b>	-	-	-	-	-
	<b>Exempt Income (F)</b>	0.12	162.02	(3.01)	0.01	(218.44)
	Taxable Income/ (Loss) (A+D+E-F)	524.92	129.57	496.91	268.20	243.93
	Brought Forward Losses	-	-	15.80	267.15	-
	Net Effect	524.92	129.57	481.10	1.05	243.93
	Tax As per Normal Provision	170.31	42.04	156.09	0.34	-
	Taxable Income As per MAT	286.12	297.55	470.13	343.30	-
	Tax As Per MAT	57.25	59.53	94.06	68.69	-
	Taxed Paid as per MAT or Normal Provision	<b>Normal Provision</b>	<b>Normal Provision</b>	<b>Normal Provision</b>	<b>MAT</b>	<b>No Tax</b>

\* MAT refers to Minimum Alternative Tax as referred to in section 115 JB of the Income Tax Act,1961

1. The aforesaid statement of tax shelters has been prepared as per the restated Standalone summary statement of profits and losses of the Company. The permanent/timing differences have been computed considering the acknowledged copies of the income-tax r respective years stated above.

2. The figures for the period ended December 31, 2015 are based on the provisional computation of Total Income prepared by the Company

3. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.

**ANNEXURE - T**

**RESTATEMENT OF CONTINGENT LIABILITIES**

Particulars	(Rs. In Lakhs)				
	As at				
	3/31/2016	3/31/2015	3/31/2014	3/31/2013	3/31/2012
<b>Contingent liabilities in respect of:</b>					



**Laxmi Cotspin Limited**

Bank Guarantee-MSEB	75.51	75.51	75.51	56.51	52.26
Bank Guarantees- Director Agriculture Marketing	10.00	10.00	10.00	10.00	15.00
Bank Guarantees- Dy. Commissionar of Custom	82.51	82.51	82.51	82.50	72.85
Bank Guarantees- DGFT	225.33	215.67	215.67	215.67	225.34
<b>Commitments (to the extent not provided for)</b>	-				-
Other commitments	-	-	918.89	34.27	277.00
<b>Total</b>	<b>393.35</b>	<b>383.69</b>	<b>1,302.58</b>	<b>398.95</b>	<b>642.45</b>

**Notes:**

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure IV, I, II and III.



**FINANCIAL INDEBTEDNESS**

To,  
The Board of Directors,  
**LAXMI COTSPIN LIMITED**  
Gut No. 399, Samangaon – Kajla Road,  
In Front Of Meeinatai Thakare, Vridhashram,  
Samangaon, Jalna, Maharashtra - 431203

Dear Sir,

The principal terms of loans and assets charged as security as on August 29, 2016:

**A. Loan from Banks / Financial Institutions**

(₹ in lakhs)

Name of Lender	Purpose	Sanction Amount	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding as on 31.03.2016	Outstanding as on 29.08.2016
<b>Secured Loan</b>								
HDFC Bank Limited	Working Capital – Fund based (Cash Credit)	2,000.00	Base Rate+ 1.80% i.e.11.50%	Primary : Hypothecation of all current assets (existing and future) including Stock and Book Debts  Collateral: 1) Factory Land and Building at Gut No. 399, 400 at Kajala Samangaon Road, Village- Taluka and District. Jalna	On Demand	Nil	1,639.27	1819.98
	Working Capital – Non Fund based (Bank Guarantee)	360.00	Commission – 1.5% p.a.		On Demand	Nil	360.00	0.00
HDFC Bank Limited	Term Loan – Plant and Machinery	431.71	Base Rate + 1.80% i.e., 11.50%	Hypothecation of Machine financed  Collateral: 1)Factory Land and Building at Gut No. 399, 400 at Kajala Samangaon Road, Village- Taluka and	Payable in 24 Equitable Monthly installments.	Nil	131.95	38.36



**Laxmi Cotspin Limited**

Name of Lender	Purpose	Sanction Amount	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding as on 31.03.2016	Outstanding as on 29.08.2016
				District. Jalna				
HDFC Bank Limited	Term Loans – Plant and Machinery	2.44	Base Rate + 1.80% i.e., 11.50%	Hypothecation of Machine financed  Collateral: 1) Factory Land and Building at Gut No. 399, 400 at Kajala Samangaon Road, Village- Taluka and District. Jalna	Payable in 7 Equitable Monthly installments	Nil	0.00	0.00
HDFC Bank Limited	Term Loan- Plant and Machinery	131.00	Base Rate + 1.80% i.e., 11.50%	Hypothecation of Machine financed  Collateral: 1)Factory Land and Building at Gut No. 399, 400 at Kajala Samangaon Road, Village- Taluka and District. Jalna	Payable in 36 Equitable Monthly installments	Nil	73.97	55.48
HDFC Bank Limited	Term Loan- Plant and Machinery	694.76	Base Rate + 1.80% i.e., 11.50%	Hypothecation of Machine financed  Collateral: 1) Factory Land and Building at Gut No. 399, 400 at Kajala Samangaon Road, Village- Taluka and District. Jalna	Payable in 7 Equitable Monthly installments	Nil	397.36	342.20
S V C Bank Limited	Term Loan - Equipment Loan	665.00	13.50% p.a. (i.e.P.L.R.- 4.00%)	Hypothecation of Machine financed Collateral: Property in the area of Jalna Nagar Parishad Between Shivaji Putala to Mangal Bazaar Road.	Payable in 78 Equal Installments	6 Months	504.19	461.07



Name of Lender	Purpose	Sanction Amount	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding as on 31.03.2016	Outstanding as on 29.08.2016
S V C Bank Limited	Term Loan - Equipment Loan	1500.00	12% p.a.	Hypothecation of Machine financed Collateral: Property in the area of Jalna Nagar Parishad Between Shivaji Putala to Mangal Bazaar Road.	Payable in 78 Equal Installments	12 Months	0.00	22.50

**B. Equipment / Vehicle Loans**

Name of Lender	Purpose	Sanction Amount	Rate of interest	Securities offered	Re-payment	Moratorium	Outstanding as on 31.03.2016	Outstanding as on 29.08.2016
HDFC Bank Limited	Vehicle	4.10	13.00%	Hypothecation of Vehicle financed	Payable in 48 Equitable Monthly installments.	Nil	3.83	3.48

These restrictive covenants require us to obtain the written consent from the lenders before making / effecting the following changes:

- ❖ Effect any adverse changes in Company's capital structure.
- ❖ Formulate any scheme of amalgamation or merger or reconstruction.
- ❖ Implement any scheme of expansion or diversification or capital expenditure except normal replacements indicated in funds flow statement submitted to and approved by the Bank.
- ❖ Enter into any borrowing or non-borrowing arrangements either secured or unsecured with any other Bank, financial institution. Company, firm or otherwise or accept deposits in excess of the limits laid down by Reserve Bank of India.
- ❖ Invest by way of share capital in or lent or advance funds to or place deposits with any other Company/firm/concern (including group companies/associates)/persons. Normal trade credit or security deposit in the normal course of business or advance to employees can, however be extended.
- ❖ Undertake guarantee obligations on behalf of any other Company/firm/person.
- ❖ Make any drastic change(s) in its management set-up.
- ❖ Enter into any contractual obligation of a long term nature or affecting the company financially to a significant extent.
- ❖ Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc.
- ❖ Undertake any trading activity other than the sale of products arising out of its own manufacturing operations.
- ❖ Sell or dispose off or create security or encumbrances on the assets charged to the Bank in favour of any other Bank, Financial institution, Company, firm, individual.



**Laxmi Cotspin Limited**

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- ❖ Repay monies brought in by the promoters, partners, directors, share holders, their relatives and friends in the business of the Company/firm by way of deposits/loan/share application money etc.
- ❖ Declare dividend for any year except out of profits relating to that year after meeting all the financial commitments to the bank making all due and necessary provisions and till the financial position improves at the estimated/projected levels given by them.
- ❖ All unsecured loans / deposits raised by the company for financing a project are always subordinate to the loans of the banks/ financial institutions and should be permitted to be repaid only with the prior approval of the all the banks and the financial institution concerned.

**For C N A & Associates**  
Chartered Accountants  
**FRN -128929-W**

**CA Anand Partani**  
(P A R T N E R)  
**M. No. 117766**

**Date: 29<sup>th</sup> August, 2016**  
**Place: Aurangabad**



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our restated consolidated financial statements for the nine (9) months period ended December 31, 2015 and F.Y. ended March 31, 2015, 2014, 2013, 2012 and 2011 including the notes and significant accounting policies thereto and the reports thereon, which appear elsewhere in this Draft Prospectus. You should also see the section titled "Risk Factors" beginning on page 13 of this Draft Prospectus, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company, unless otherwise stated, is based on restated audited financial statements.*

*These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the report of our auditors dated August 30, 2016 which is included in this Draft Prospectus under the section titled "Financial Information" beginning on page 126 of this Draft Prospectus. The restated financial statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. We do not provide a reconciliation of our restated financial statements to US GAAP or IFRS and we have not otherwise quantified or identified the impact of the differences between Indian GAAP and U.S. GAAP or IFRS as applied to our restated financial statements.*

*Accordingly, the degree to which the financial statements in this Draft Prospectus will provide meaningful information depends entirely on such potential investor's level of familiarity with Indian accounting practices. Our F.Y. ends on March 31 of each year; therefore, all references to a particular fiscal are to the twelve-month period ended March 31 of that year. Please also refer to section titled "Certain Conventions, Use of Financial, Industry and Market Data and Currency of Presentation" beginning on page 10 of this Draft Prospectus.*

### Business Overview

We are engaged in the business of cotton processing in textile industry with our production facilities located in cotton growing areas of Marathwada and Vidarbha region at Samangaon which is situated in the Jalna district of State of Maharashtra. We are manufacturer of yarn and we have an existing open end and ring spinning unit to cater to the yarn markets in Maharashtra and Gujarat. Our business is spread among home textiles, weaving sector, Denim Manufactures and hosiery manufacturers through open end yarn and ring spun yarn. We believe that we are manufacturing premium quality 100% cotton combed and carded hosiery/ warp conventional, organic and BCI yarn in count range of 30s Ne to 40s Ne for the purpose of exporting to Asian and European countries.

We were established in year 2006 with a capacity of 13200 spindles with combers in the first phase. Over the years we have expanded upto 16800 spindels with compact, lycra and slub attachment. Addition to this we have set up one open end unit with 1200 Rotors. We believe that we have established a strong customer base and good marketing setup. We have also started our own "Organic Cotton Farming Project and Better Cotton (BCI) Project" in Jalna District, with 4,750 farmers in 13,200 acre of cultivation land and yield capacity of initially 55,000 quintals Kapas (11,000 BCI certified own ginned cotton bales) further expanded upto 40,000 bales per crop seasons in near future.

Our plant is equipped with fully automatic, dust and pollution ,modern colour contamination removal and yarn conditioning systems. Our Company is approved as Mega Project under IPS Scheme 2007 of Maharashtra State Government and is enjoying the same for 8 years. And further for 4 years we will get sanction of Mega project status. Our technical team in spinning is well equipped with modern spinning technology and processing techniques by virtue of which we are able to ensure quality yarn. Operators are committed and they are trained in European training methods for efficient and quality work.

Our Company's operations are supported by modern testing instruments installed in its quality assurance laboratory, includes UT- 5 (Uster Switzerland), HVI, Single Yarn Tester, Aqura Process Control Management (Premium India). Beside of these basic instruments from Statex, Online Contamination Removal System SIRO facility at Autowinder maintain the contamination free world class premium quality cotton, yarns and garments.

For the year ended March 31, 2016, our Company's Total revenue and restated Profit after Tax were ₹11356.53 Lakhs and ₹322.24 Lakhs, respectively. For the year ended March 31, 2015, our Company's Total Revenue and Restated Loss after Tax was ₹10676.88 Lakhs and ₹225.77 Lakhs respectively.





**Our Significant Accounting Policies:**

Our significant accounting policies are described in the section entitled “*Financial Information of the Company*” on page no. 126 of the Draft Prospectus.

**Change in accounting policies in previous 3 (three) years:**

Except as mentioned in chapter “*Financial Information of the Company*” on page no. 126 of this Draft Prospectus. There has been no change in accounting policies in last 3 (three) years.

**Summary of the Results of Operation:**

The following table sets forth select financial data from restated profit and loss accounts for Financial Year ended on March 31, 2012, 2013, 2014, 2015, 2016 and the components of which are also expressed as a percentage of total income for such periods.



**Laxmi Cotspin Limited**

Particulars	31-3-2016	% of Total Income	31-3-2015	% of Total Income	31-3-2014	% of Total Income
<b>INCOMES:</b>						
Revenue From Sale of Products	1,13,21,52,192	99.69%	1,04,72,83,779	98.09%	1,14,51,76,798	99.47%
Less:- Excise Duty	-	-	-	-	-	-
<b>Net Revenue from operations</b>	<b>1,13,21,52,192</b>	<b>99.69%</b>	<b>1,04,72,83,779</b>	<b>98.09%</b>	<b>1,14,51,76,798</b>	<b>99.47%</b>
Other income	35,11,016	0.31%	2,04,04,653	1.91%	60,75,595	0.53%
<b>Total Revenue (A)</b>	<b>1,13,56,63,208</b>	<b>100.00%</b>	<b>1,06,76,88,432</b>	<b>100.00%</b>	<b>1,15,12,52,393</b>	<b>100.00%</b>
<b>EXPENDITURES:</b>						
Cost of Materials & Stores Consumed	83,03,89,547	73.12%	77,14,55,758	72.25%	87,77,72,105	76.24%
Purchase of Stock-in-trade	-	-	-	-	-	-
Changes in inventories of finished goods, WIP and Stock-in-Trade	1,04,59,119	0.92%	4,64,128	0.04%	(20,61,709)	(0.18)%
Employee benefits expense	3,90,96,905	3.44%	3,60,00,770	3.17%	3,08,28,812	2.71%
Other expenses						
a. Manufacturing & Operating Cost	10,44,41,776	9.20%	9,41,59,576	8.82%	8,10,67,618	7.04%
b. Sales & Distribution Expenses	1,84,17,931	1.62%	2,19,40,411	2.05%	1,98,23,589	1.72%
c. General & Administration Expenses	68,40,850	0.60%	86,82,376	0.81%	93,51,229	0.81%
<b>Total Expenses (B)</b>	<b>1,00,96,46,127</b>	<b>88.90%</b>	<b>93,27,03,019</b>	<b>87.36%</b>	<b>1,01,67,81,645</b>	<b>88.32%</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>12,60,17,081</b>	<b>11.10%</b>	<b>13,49,85,413</b>	<b>12.64%</b>	<b>13,44,70,748</b>	<b>11.68%</b>
Finance costs	2,86,60,486	2.52%	4,33,57,863	4.06%	4,01,56,801	3.49%
Depreciation and amortization expenses	6,90,28,508	6.08%	6,18,72,956	5.80%	4,73,01,402	4.11%
<b>Profit before exceptional items, extraordinary items and tax (C=A-B)</b>	<b>2,83,28,087</b>	<b>2.49%</b>	<b>2,97,54,594</b>	<b>2.79%</b>	<b>4,70,12,544</b>	<b>4.08%</b>
Exceptional items (D)	-	-	-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>283,28,087</b>	<b>2.49%</b>	<b>297,54,594</b>	<b>2.79%</b>	<b>470,12,544</b>	<b>4.08%</b>



**Laxmi Cotspin Limited**

<b>Particulars</b>	<b>31-3-2016</b>	<b>% of Total Income</b>	<b>31-3-2015</b>	<b>% of Total Income</b>	<b>31-3-2014</b>	<b>% of Total Income</b>
<b>(E=C-D)</b>						
Extraordinary items (F)	2,83,608	0.02%	-	-	-	-
Profit before tax (G=E+F)	2,86,11,695	2.52%	2,97,54,594	2.79%	4,70,12,544	4.08%
Provision for Tax						
- Current Tax	56,50,000	0.50%	70,00,000	0.66%	92,98,960	0.81%
- Tax adjustment of prior years	(17,04,190)	(0.15)%	(4,65,387)	(0.04)%	-	-
- Deferred Tax Liability / (Asset)	(75,57,728)	(0.67)%	6,42,789	0.06%	(1,76,950)	(0.02)%
- MAT Credit Entitlement	-	-	-	-	-	-
<b>Tax Expense For The Year (H)</b>	<b>(36,11,918)</b>	<b>(0.32)%</b>	<b>71,77,403</b>	<b>0.67%</b>	<b>91,22,010</b>	<b>0.79%</b>
<b>Restated profit after tax from Continuing Operations (I=G-H)</b>	<b>3,22,23,613</b>	<b>2.84%</b>	<b>2,25,77,191</b>	<b>2.11%</b>	<b>3,78,90,534</b>	<b>3.29%</b>
Prior Period Item ( net of tax)	-	-	-	-	-	-
<b>Net Profit as restated</b>	<b>3,22,23,613</b>	<b>2.84%</b>	<b>2,25,77,191</b>	<b>2.11%</b>	<b>3,78,90,534</b>	<b>3.29%</b>



### **Key Components of Our Profit And Loss Statement**

**Revenue from operations:** Revenue from operations mainly consists of sale of materials.

**Other Income:** Other income primarily comprises Interest Income, Profit on Sale of Fixed Assets and dividend Income etc.

**Expenses:** Our expenses majorly consist of cost of material consumed, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

**Employee benefits expense:** Employee benefit expense includes salaries and wages, staff welfare expenses, bonus, Directors remuneration and Contribution to Provident Fund and Gratuity.

**Finance Costs:** Finance cost comprises Interest on Indebtedness, bank and other Finance charges.

**Depreciation and amortization expense:** We recognize depreciation and amortization expense on a Written down value method as per the provisions set forth in the Companies Act 2013 from 1<sup>st</sup> April 2014 and rates set forth in Companies Act, 1956 for prior period to 1<sup>st</sup> April 2014.

**Other expenses:** Other expenses consist of Sales & Distribution expenses and Other Administrative Expenses.

### **Comparison of the Financial Performance of Fiscal 2016 with Fiscal 2015**

**Revenue from Operations:** During the F.Y. 2016 the net revenue from operation of the Company increased to Rs. 1,13,21,52,192 as against previous financial year Rs. 1,04,72,83,779 an increase of 8.10%. This increase was mainly due to increase in revenue from sale of the products.

**Total Revenue:** Total Revenue for the F.Y. 2016 stood at Rs. 1,13,56,63,208 where as in F.Y. 2015 the same was Rs. 1,06,76,88,432 i.e. increases of 6.37%.

**Total Expenses:** Total expenditure for the F.Y. 2016 increased to Rs. 1,00,96,46,127 from Rs. 93,27,03,019 compared to the previous financial year, increasing by 8.25%. This was mainly due to increase in Manufacturing & Operating Cost and Depreciation Expenses.

**Cost of Materials & Stores Consumed:** Cost of materials & stores consumed increased to Rs. 83,03,89,547 from Rs. 77,14,55,758 in the year F.Y 2016 from its previous year, i.e. an increase of 7.64%. This was due to increase in business activities of the Company.

**Manufacturing & Operating Cost:** Manufacturing & operating cost increased to Rs. 10,44,41,776 from Rs. 9,41,59,576 in the year F.Y 2016 from its previous year, i.e. an increase of 10.92%. This was also due to increase in business activities of the Company.

**Employee benefits expense:** Employee benefits expense increased to Rs. 3,90,96,905 from Rs. 3,60,00,770 in the year F.Y 2016 from its previous year, i.e. an increase of 8.60%. This was also due to increase in business activities of the Company.

**Finance costs:** Finance costs decreased to Rs. 2,86,60,486 in F.Y 2016 as compared to F.Y 2015 in which it was Rs. 4,33,57,863, i.e. decreased by 33.90%.

**Depreciation and amortization expense:** Depreciation and amortization expense increased from Rs. 6,18,72,956 in F.Y. 2015 to Rs. 6,90,28,508 in F.Y. 2016. i.e. an increase of 11.56%

**General & Administration Expenses:** General & Administration expenses for the F.Y 2016 stood at Rs. 68,40,850; whereas it was Rs. 86,82,376 in previous financial year i.e. a decrease of 21.21%.

**Net Profit before tax:** Net Profit before tax for the F.Y 2016 decreased from Rs. 2,97,54,594 in F.Y. 2015 to Rs. 2,86,11,695 in F.Y. 2016. The decrease in profit before tax was 3.84%.



**Restated profit after tax:** The Company reported Restated profit after tax for the F.Y 2016 of Rs. 3,22,23,613 in comparison to Restated profit after tax Rs. 2,25,77,191 in F.Y. 2015 representing increase of 42.73%

#### **Comparison of the Financial Performance of Fiscal 2015 with Fiscal 2014**

**Revenue from Operations:** During the F.Y. 2015 the net revenue from operation of the Company decreased to Rs. 1,04,72,83,779 as against previous financial year Rs. 1,14,51,76,798 a decrease of 8.55%. This decrease was mainly due to decrease in revenue from sale of the products.

**Total Revenue:** Total Revenue for the F.Y. 2015 stood at Rs. 1,06,76,88,432 where as in F.Y. 2014 the same was Rs. 1,15,12,52,393 i.e. decreases of 7.26%.

**Total Expenses:** Total expenditure for the F.Y. 2015 decreased to Rs. 93,27,03,019 from Rs. 1,01,67,81,645 compared to the previous financial year, decreasing by 8.27%. This was mainly due to decrease in Cost of materials & stores and General & Administrative Expenses.

**Cost of Materials & Stores Consumed:** Cost of materials & stores consumed decreased to Rs. 77,14,55,758 from Rs. 87,77,72,105 in the year F.Y 2015 from its previous year, i.e. a decrease of 12.11%.

**Manufacturing & Operating Cost:** Manufacturing & operating cost increased to Rs. 9,41,59,576 from Rs. 8,10,67,618 in the year F.Y 2015 from its previous year, i.e. an increase of 16.15%. This was due to increase in business activities of the Company.

**Employee benefits expense:** Employee benefits expense increased to Rs. 3,60,00,770 from Rs. 3,08,28,812 in the year F.Y 2015 from its previous year, i.e. an increase of 16.78%.

**Finance costs:** Finance costs increased to Rs. 4,33,57,863 in F.Y 2015 as compared to F.Y 2014 in which it was Rs. 4,01,56,801, i.e. an increase by 7.97%.

**Depreciation and amortization expense:** Depreciation and amortization expense increased from Rs. 4,73,01,402 in F.Y. 2014 to Rs. 6,18,72,956 in F.Y. 2015. i.e. increase of 30.81%

**General & Administration Expenses:** General & Administration expenses for the F.Y 2015 stood at Rs. 86,82,376 whereas it was Rs. 93,51,229 in previous financial year i.e. a decrease of 7.15%.

**Net Profit before tax:** Net Profit before tax for the F.Y 2015 decreased to Rs. 2,97,54,594 from Rs. 4,70,12,544 in F.Y. 2014. The decrease in profit before tax was 36.71% due to decrease in revenue.

**Restated profit after tax:** The Restated profit after tax for the F.Y 2015 decreased to Rs. 2,25,77,191 in F.Y. 2015 from Rs. 3,78,90,534 in F.Y. 2014 representing decrease of 40.41%.

#### **Comparison of the Financial Performance of Fiscal 2014 with Fiscal 2013**

**Revenue from Operations:** During the F.Y. 2014 the net revenue from operation of the Company increased to Rs. 1,14,51,76,798 as against previous financial year Rs. 1,01,50,61,537 an increase of 12.82%. This increase was mainly due to increase in revenue from sale of the products.

**Total Revenue:** Total Revenue for the F.Y. 2014 stood at Rs. 1,15,12,52,393 where as in F.Y. 2013 the same was Rs. 1,02,37,81,357 i.e. increase of 12.45%.

**Total Expenses:** Total expenditure for the F.Y. 2014 increased to Rs. 1,01,67,81,644 from Rs. 90,48,95,658 compared to the previous financial year, increasing by 12.36%. This was mainly due to increase in Purchase of Stock in Trade.

**Cost of Materials & Stores Consumed:** Cost of materials & stores consumed increased to Rs. 87,77,72,105 from Rs. 75,40,30,850 in the year F.Y 2014 from its previous year, i.e. an increase of 16.41%. This was due to increase in business activities of the Company.



**Manufacturing & Operating Cost:** Manufacturing & operating cost increased to Rs. 8,10,67,618 from Rs. 9,79,92,750 in the year F.Y 2014 from its previous year, i.e. a decrease of 17.27%.

**Employee benefits expense:** Employee benefits expense decreased to Rs. 3,08,28,812 from Rs. 3,47,16,934 in the year F.Y 2014 from its previous year, i.e. a decrease of 11.20%.

**Finance costs:** Finance costs decreased to Rs. 4,01,56,801 in F.Y 2014 as compared to F.Y 2013 in which it was Rs. 4,16,90,424, i.e. an decrease by 3.68%.

**Depreciation and amortization expense:** Depreciation and amortization expense increased from Rs. 4,28,65,270 in F.Y. 2013 to Rs. 4,73,01,402 in F.Y. 2014. i.e. increase of 10.35%.

**General & Administration Expenses:** General & Administration expenses for the F.Y 2014 stood at Rs. 93,51,229 whereas it was Rs. 37,59,732 in previous financial year i.e. an increase of 148.72%.

**Net Profit before tax:** Net Profit before tax for the F.Y 2014 increased to Rs. 4,70,12,544 from Rs. 3,43,30,006 in F.Y. 2013. The increase in profit before tax was 36.94% due to increase in revenue.

**Restated profit after tax:** The Restated profit after tax for the F.Y 2014 increased to Rs. 3,78,90,534 in F.Y. 2014 from Rs. 2,24,77,561 in F.Y. 2013 representing increase of 68.57%.

**Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI Regulations:**

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

**Unusual or infrequent events or transactions:-**There has not been any unusual trend on account of our business activity. There are no Unusual or infrequent events or transactions in our Company. The transactions are as per usual business operations.

**Significant economic changes that materially affected or are likely to affect income from continuing operations:-** There are no significant economic changes that may materially affect or likely to affect income from continuing operations.

**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 13 of 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.

**Future changes in relationship between costs and revenues:-**Our Company's future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by our suppliers.

**Increases in net sales or revenue and Introduction of new products or services or increased sales prices:-**Increases in revenues are by and large linked to increases in volume of business.

**Seasonality of business: -** Currently our Company's business is seasonal in nature. For further details please refer to sections titled "Risk Factors" and "Our Business" beginning on pages 13 and 90 respectively of this Draft Prospectus 13 and 90 respectively of this Draft Prospectus.

**Dependence on a single or few customers/ clients:-**The percentage of contribution of our Company's top customers/clients & top suppliers for the period ended March 31, 2016 are as follows:

***Our Major Customers/ Clients for the period ended March 31, 2016***

Name of the Clients	Amount (Rs. in Lacs)	As % of total Sales
Shri laxmi Narsinha textile	117510705	10.39%
Gayatri Ginning & Pressing Pvt Ltd., Jalna	103081533	9.11%
Jindal Denim Inc	67512467	5.97%
Etco Denim Pvt Ltd	47092934	4.16%



Name of the Clients	Amount (Rs. in Lacs)	As % of total Sales
Nandan Denim Ltd	46012276	4.07%
<b>TOTAL</b>	<b>381209915</b>	<b>33.70%</b>
<b>TOTAL SALES</b>	<b>1131116504</b>	

*Our Major Suppliers for the period ended March 31, 2016*

Name of the Clients	Amount (Rs. in Lacs)	As % of total Purchases
The Cotton Corporation	148155392	18.74%
Vaishnavi Enterprises	59929852	7.58%
Gayatri Ginning & Pressing Pvt Ltd.	58842951	7.44%
Akshay Multitrade Pvt Ltd.	51894240	6.56%
Kalika Ginning & Pressing Pvt Ltd	17971122	2.27%
<b>TOTAL</b>	<b>336793557</b>	<b>42.60%</b>
<b>TOTAL PURCHASES</b>	<b>790549077</b>	

**Competitive conditions:**

Competitive conditions are as described under section titled "Industry Overview and "Our Business" beginning on pages 85 and 90 respectively of this Draft Prospectus

**Details of material developments after the date of last balance sheet i.e. March 31 2016**

There are no circumstances which have arisen since the date of last financial statement until the date of filing this Draft Prospectus, which materially and adversely affect or are likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months. There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of the Company



## SECTION VII: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there is no (i) pending criminal litigation involving our Company, Subsidiaries, Directors, Promoters or Group Entities; (ii) pending action by statutory or regulatory authorities involving our Company, Subsidiaries, Directors, Promoters or Group Entities; (iii) outstanding claims involving our Company, Subsidiaries, Directors, Promoters or Group Entities for any direct and indirect tax liabilities; (iv) outstanding proceedings initiated for economic offences against our Company; (v) pending defaults or non-payment of statutory dues by our Company; (vi) material fraud against our Company in the last five (5) years immediately preceding this Draft Prospectus; (vii) inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or the Companies Act 1956 against our Company and Subsidiaries during the last five (5) years immediately preceding the year of this Draft Prospectus; (viii) prosecutions filed (whether pending or not); fines imposed or compounding of offences for our Company and Subsidiaries, in the last five (5) years immediately preceding the year of this Draft Prospectus; (ix) litigation or legal action against our Promoters by any ministry or Government department or statutory authority during the last five (5) years immediately preceding this Draft Prospectus; (x) other pending litigations involving our Company, Subsidiaries, Directors, Promoters, Group Entities or any other person, as determined to be material by the Company's Board of Directors in accordance with the SEBI (ICDR) Regulations; or (xi) outstanding dues to creditors of our Company as determined to be material by the Company's Board of Directors in accordance with the SEBI (ICDR) Regulations; and (xii) dues to small scale undertaking and other creditors.

Our Company, our Directors, our Promoters and/or our Subsidiaries, have not been declared as willful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters, our Subsidiaries or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

Details of other legal proceedings, determined to be material by our Board of Directors and currently pending involving our Company, Subsidiaries, Directors, Promoters and Group Entities are set forth below. Pursuant to the SEBI (ICDR) Regulations, for the purposes of disclosure, all other pending litigation involving our Company, Directors, Promoters, Subsidiaries and Group Entities, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of ₹10.00 Lacs or such pending litigation proceedings which are material from the perspective of the business, operations, prospects or reputation of our Company.

#### I. Cases filed against our Company

Nil

#### II. Proceedings initiated against our Company by Regulatory Authority

Nil

#### III. Cases filed by our Company

Nil

#### IV. Revenue proceedings against our Company

*Indirect Taxes:*

1. Our Company has received one (1) notice of demand for the period from April 1, 2012 to March 31, 2013 for raising demand of ₹32.13 lakhs (₹32,12,693.74) payable towards Central Sales Tax along with additional interest of ₹4.38 lakhs (₹4,38,493). Further, the total dues payable as per the Assessing Officer (AO) was ₹13.47 lakhs (₹13,47,287). The Joint Commissioner of Sales Tax (Appeals), Aurangabad Division, Aurangabad granted an ad-interim stay for recovery proceedings on July 7, 2016 which was operative till August 2, 2016. The matter is pending before the appropriate authority.

**V. Cases filed by and against the Promoters of our Company**

Nil

**VI. Revenue Proceedings against our Promoters**

Nil

**VII. Cases filed by and against our Directors**

Nil

**VIII. Revenue Proceedings against our Directors**

Nil

**IX. Cases filed against our Group Entities**

Nil

**X. Cases filed by our Group Entities**

Nil

**XI. Revenue Proceedings against our Group Entities**

Nil

**XII. Show Cause Notices by SEBI; SEBI Orders and Directions against our Promoters and Group Entities**

Nil

**XIII. Past cases where penalties imposed**

There are no past cases in the five (5) years preceding the date of this Draft Prospectus, where penalties were imposed on our Company by concerned authorities.

**XIV. Past inquiries, inspections and investigations**

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last five (5) years immediately preceding the year of issue of the Draft Prospectus in the case of our Company and its Subsidiaries. There have been no prosecutions filed (*whether pending or not*) fines imposed, compounding of offences in the last five (5) years immediately preceding the year of the Draft Prospectus.

**XV. Pending dues of Small Scale Undertakings and other Creditors**

Our Company does not have any dues exceeding ₹1 Lakh outstanding for more than Forty Five (45) days to any small-scale industrial undertaking(s), other than in the ordinary course of business.

As per the materiality policy approved by the Board for identification of material creditors, such creditor of our Company, on a consolidated basis, shall be considered material for the purpose of disclosure in the Issue Documents, if amounts due to any of them exceeds 10 % of the consolidated trade payables as per our last consolidated audited balance sheet.

As on March 31, 2016, our Company had 185 creditors, to whom a total of ₹ 239.69 Lakhs was outstanding. Of these, no creditor was a material creditor, being a creditor to whom an amount exceeding ₹23.70 Lakhs is outstanding, as determined to be material by our Board of Directors. None of these creditors have been identified as small scale undertakings by our Company based on information available to us.

*Information provided on the website of our Company is not a part of this Draft Prospectus and should not be*



*deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at its own risk.*

**XVI. Statutory dues**

Except as stated under section titled "Financial Information" beginning on page 126 of this Draft Prospectus, as on March 31, 2016, our Company does not have any outstanding statutory dues.

**XVII. Material Developments**

There have been no other material developments since March 31, 2016.

## GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required by us to undertake this Issue and for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations. Unless otherwise stated, these approvals are valid as on the date of this Draft Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

### I. Approvals for the Offer

The following approvals have been obtained or will be obtained in connection with the Offer:

- a. The Board of Directors has pursuant to resolution passed at its meeting held on June 20, 2016 authorised the Offer, at their meeting held by the shareholders pursuant to the special resolution passed in an Extra Ordinary General Meeting dated July 15, 2016 under Section 28 of the Companies Act, 2013.
- b. Our Company has obtained approval from SME platform of the by way of a letter dated [●] to use the name of the Stock Exchange in this Draft Prospectus for listing of Equity Shares on the Stock Exchange.
- c. NSDL/CDSL: ISIN: [●]

### II. Approvals obtained by our Company

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
<b>Statutory approvals obtained by our Company</b>					
1.	The Registrar of Companies, Mumbai	Certificate of Incorporation in the name of Mauli Cotspin Private Limited.	U17120MH2005PTC156866	October 19, 2005	One Time Approval
2.	The Registrar of Companies, Mumbai	Certificate of Incorporation in the name of Laxmi Cotspin Private Limited.	U17120MH2005PTC156866	October 20, 2007	One Time Approval
3.	Government of India, Ministry of Commerce, Regional Jt. Director General of Foreign Trade	One Star Export House Certificate	310116000053	August 12, 2016	July 29, 2021
4.	The Registrar of Companies, Mumbai	Fresh Certificate of Incorporation consequent upon change of name on conversion to public limited company in the name of Laxmi Cotspin Limited.	U17120MH2005PLC156866	March 17, 2011	One Time Approval
5.	Income Tax Department	Permanent Account Number (PAN)	AAECM5186A	March 23, 2011	One Time Approval

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
6.	Income Tax Department	Tax Deduction Account Number (TAN)	NSKM05323D		One Time Approval
7.	Central Board of Excise and Customs, Ministry of Finance – Department of Revenue	Certificate of Registration issued under Service Tax Code under Form ST-2	AAECM5186AST001	October 26, 2007 and date of last amendment was September 23, 2013	Till the business is discontinued
8.	Government of Maharashtra, Commercial Tax Department	Certificate of Registration under Maharashtra VAT ACT, 2002	27290524898V	April 3, 2006	Valid until cancelled
9.	Government of Maharashtra, Commercial Tax Department	Certificate of Registration under CST Rules, 1957	27290524898C	April 3, 2006	Valid until cancelled
10.	Assistant Commissioner of Central Excise & Customs, Nanded Division	Central Excise Registration Certificate	AAECM5186AXM001	June 27, 2012	Valid until cancelled
11.	Department of Sales Tax (Profession Tax)	Professional Tax (Manufacturer)	27290524898P	February 01, 2011	Valid until cancelled
12.	Department of Sales Tax (Profession Tax)	Professional Tax (Others)	27735206846P	April 29, 2008	Valid until cancelled
13.	Foreign Trade Development Officer, Ministry of Commerce and Industry, Government of India	Certificate of Importer-Exporter Code (IEC)	IEC No.: 31050220349	March 06, 2006	NA
14.	Registering officer, under Contract Labour (Regulation and Abolition) Act, 1970	Certificate of registration under Contract Labour (Regulation and Abolition) Act, 1970	1541900710001216	January 02, 2016	December 31, 2016
15.	Assistant Provident Fund Commissioner, Aurangabad,	Registration under Employees Provident Funds & Miscellaneous Provisions Act,	MH/AB/82857/APP/COMP/CIR.52/991	March 26, 2008	Valid until cancelled

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Maharashtra	1952			
16.	Regional Officer, Maharashtra Pollution Control Board	Consent to Operate under Sec 26 of Water (Prevention and Control of Pollution) Act, 1974	MPCB/ROA/LG/JLN/E-25/98/R/C-220/1458	December 13, 2013	November 30, 2017
17.	Regional Officer, Maharashtra Pollution Control Board	Consent to operate under Section 26 of the Water (Prevention & Control of Pollution) Act, 1974, under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and authorization and renewal of authorization under Rule 5 of the Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008.	MPCB/ROA/JLN/E-25/98/R/C-473/359/2016	March 15, 2016	January 31, 2020
18.	Ministry of Commerce and Industry	Certificate of Recognition of Export House	JA/1209	July 22, 2014	March 31, 2019
19.	Assistant Commissioner of Central Excise and Customs	Factory Stuffing and Examination of goods under Duty Drawback Scheme	ICD/M/LAXMI/FS/08-09	April 19, 2008	One Time Approval
20.	Government of India Ministry of Commerce and Industry	Industrial Entrepreneurs Memorandum (IEM)	5420/SIA/IMO/2005	Renewed on March 16, 2016	Valid for One year
21.	The Cotton Textile Export Promotion Council	Registration -Cum- Membership Certificate	MC/MY/MP/28242(2006)-L	April 01, 2016	March 31, 2017
22.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130002494/3/11/00	June 12, 2007	Export Obligation for the period of 8 years
23.	Foreign Trade Development	Import Export License under	3130003265/3/11/00	July 01, 2008	Export Obligation

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Officer Jt. Director General of Foreign Trade, Pune	(Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme			for the period of 8 years
24.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130003343/3/11/00	July 31, 2008*	Export Obligation for the period of 8 years
25.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130004296/3/11/00	November 04, 2009	Export Obligation for the period of 8 years
26.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130004336/3/11/00	November 13, 2009	Export Obligation for the period of 8 years
27.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130006287/3/11/00	January 17, 2012	Export Obligation for the period of 8 years
28.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130006351/3/11/00	February 14, 2012	Export Obligation for the period of 8 years
29.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130006625/3/11/00	June 01, 2012	Export Obligation for the period of 8 years
30.	Foreign Trade	Import Export	3130006926/3/11/00	October 09, 2012	Export




No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Development Officer Jt. Director General of Foreign Trade, Pune	License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme			Obligation for the period of 8 years
31.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130007011/3/11/00	November 12, 2012	Export Obligation for the period of 8 years
32.	Foreign Trade Development Officer Jt. Director General of Foreign Trade, Pune	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	3130007388/3/12/00	May 31, 2013	Export Obligation for the period of 6 years
33.	Foreign Trade Development Officer Additional Director General of Foreign Trade, Mumbai	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	0330038273/3/12/00	March 10, 2014	Export Obligation for the period of 6 years
34.	Foreign Trade Development Officer Additional Director General of Foreign Trade, Mumbai	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	0330038525/3/12/00	April 07, 2014	Export Obligation for the period of 6 years
35.	Foreign Trade Development Officer Additional Director General of Foreign Trade, Mumbai	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	0330038553/3/12/00	April 16, 2014	Export Obligation for the period of 6 years
36.	Foreign Trade Development Officer Additional Director General of Foreign Trade, Mumbai	Import Export License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme.	0330038550/3/12/00	April 15, 2014	Export Obligation for the period of 6 years

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
37.	Foreign Trade Development Officer Additional Director General of Foreign Trade, Mumbai	Import License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	0330039597/3/12/00	August 26, 2014	Export Obligation for the period of 6 years
38.	Foreign Trade Development Officer Additional Director General of Foreign Trade, Mumbai	Import License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	0330040651/3/12/00	January 07, 2015	Export Obligation for the period of 6 years
39.	Foreign Trade Development Officer Additional Director General of Foreign Trade, Mumbai	Import License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	0330041390/3/12/00	March 31, 2015	Export Obligation for the period of 6 years
40.	Foreign Trade Development Officer Additional Director General of Foreign Trade, Mumbai	Import License under (Foreign Trade Development and Regulations) Act 1992, to avail the benefit of EPCG Scheme	0330041692/3/12/00	May 15, 2015	Export Obligation for the period of 6 years


*\*the period has already been completed*

### III. Pending Approvals

Our logo  is not registered. However, we are in the process of making an application for registration of our logo.

### IV. Approvals obtained in relation to Intellectual property rights

Our Company has a registered trademark and has made an application for registration of one of its trademarks before the Trademarks Registry, details of which are set out below:

No.	Trademark	Logo	Registration/ Application No.	Class	Registration/ Application Date	Status/ Validity
3.	GO-COOL		1784926	25	February 13, 2009	February 13, 2019
4.	Green (Device)	[•]	1829624	25	June 16, 2009	Objected



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

The offer in terms of this Draft Prospectus has been authorized pursuant to the resolution passed by the Board of Directors dated June 20, 2016 and by the shareholders pursuant to the special resolution passed in an Extra Ordinary General Meeting dated July 15, 2016 under Section 28 of the Companies Act, 2013.

*The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) 24,21,300 Equity Shares as per board resolution dated July 22, 2016 issued by Sensex Tracom Private Limited; (ii) 5,28,650 Equity Shares as per board resolution dated July 20, 2016 issued by Mauli Financial Limited; and (iii) 18,50,050 Equity Shares as per board resolution dated July 22, 2016 issued by Mangalmayees Stock Management Private Limited*

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

Our Company has obtained in-principle approval from the NSE EMERGE for using its name in the Draft Prospectus/Prospectus pursuant to an approval letter dated [●] NSE is the Designated Stock Exchange.

### Prohibition by SEBI or other governmental authorities

Our Company, our Promoters, the Selling Shareholders, natural person in control of Promoter, Promoter Group, our Directors, Group Entities or the person(s) in control of our Company have not been prohibited from accessing the capital market for any reason or restrained from buying, selling or dealing in securities, under any order or directions by the SEBI or any other regulatory or government authorities.

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 Promoter 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.

None of our Directors are associated with the securities market and there has been no action taken by the SEBI against the Directors or any other entity with which our Directors are associated as promoters or directors.

### Prohibition by RBI

Neither our Company, nor Selling Shareholders, our Promoters, our Directors, Group Entities, relatives (as per Companies Act, 2013) of Promoter 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 under section titled "Outstanding Litigations and Material Developments" beginning on page 173 of this Draft Prospectus.

### Eligibility for the Offer

Our Company is not ineligible in terms of Regulations 4(2) of SEBI ICDR Regulations for this Offer.

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations; and this Offer is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Offer in accordance with Regulation 106(M) (2) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital will be more than ₹ 10 crore but less than ₹ 25 crore, and 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 "SME Platform of NSE").

**We confirm that:**

In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue is 100% underwritten and that the LM to the Issue Shall underwrites minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to section titled "General Information – Underwriting" beginning on page 38 of this Draft Prospectus.

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 fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within eight (8) Working Days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act 2013.

In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any of this 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.

In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we hereby confirm that we have entered into an agreement with the LM and a Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of Equity Shares on the SME Platform of NSE. For further details of the arrangement of market making please refer to section titled "General Information – Details of the Market Making Arrangements for this Offer" beginning on page 42 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.

Our Company has Net Tangible Assets of at least ₹ 1 Crore as per the latest audited financial results (as restated).

As on March 31, 2016 the Company has Net Tangible Assets\* of ₹ 41.66 Crores which satisfies the criteria of having Net Tangible Assets of at least ₹ 1.00 Crore.

\*Net tangible assets are defined as the sum of all net assets of the Company, excluding intangible assets and Net Deferred Tax as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India

2. The Net worth (excluding revaluation reserves) of the Company is at least ₹ 1 Crore as per the latest audited financial results

As on March 31, 2016, the Company had Net Worth of ₹ 41.13 Crores as per the restated financial results

\*Net worth includes Equity Share Capital and Reserves (excluding revaluation reserves, Miscellaneous Expenditure not written off, if any & Debit Balance of Profit and Loss Account not written off, if any)

Track record of distributable profits in terms of section 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least ₹ 3 Crores.

The Company's distributable profits in terms of sec. 123 of Companies Act, 2013 (as restated) in last three financial years are detailed below:

	(Amt. in lacs)		
<b>Particulars</b>	<b>For F.Y. 2015-16</b>	<b>For F.Y. 2014-15</b>	<b>For F.Y. 2013-14</b>
Net Profit (as restated)	322.24	225.77	378.91



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 i.e. [www.laxmicotspin.com](http://www.laxmicotspin.com)

Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).

There is no winding up petition against our Company that has been admitted by the Court or a liquidator has not been appointed of competent Jurisdiction against the Company.

No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the applicant company.

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 above requirements / conditions so as to be eligible to be listed on the SME Platform of the NSE (NSE EMERGE)

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. Further, our Company has not been formed by the conversion of a partnership firm into a company.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER 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 OFFER DOCUMENT. THE LEAD MERCHANT BANKER, HEM SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER 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 OFFER DOCUMENT, THE LEAD MERCHANT BANKER, HEM SECURITIES 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 [●] WHICH READS AS FOLLOWS:**

**WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AND CONFIRM AS FOLLOWS:**

**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**

**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:**

**THE DRAFT PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

**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**

**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.**

**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.**

**WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**

**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.**

**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.**

**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**

**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.**



**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**

**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.**

**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.**

**WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:**

**AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**

**AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

**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.**

**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.**

**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.**

**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.**

**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 OFFER DOCUMENT REGARDING SME EXCHANGE**

**WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**



WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.

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.

WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER – NOTED FOR COMPLIANCE.

WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS. - NOT APPLICABLE

WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

Note:

The filing of this Draft Prospectus does not, however, absolve our company from any liabilities under section 34, 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 LM any irregularities or lapses in the Draft Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Maharashtra, Mumbai in terms of sections 26, 32 and 33 of the Companies Act, 2013.

**Statement on Price Information of Past Issues handled by Hem Securities Limited:**

No.	Issue name	Issue size (Rs in Cr.)	Issue Price (Rs.)	Listing date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	O.P. Chains Ltd.	2.035	11.00	April 22, 2015	11.25	40.91% [-2.29%]	38.63% [-0.39%]	36.36% [-1.88%]
2.	Junction Fabrics and Apparels Ltd	1.60	16.00	July 10, 2015	17.50	14.06% [-0.54%]	3.125% [-7.39%]	3.125% [-7.52%]
3.	Loyal Equipments Ltd.	3.24	18.00	July 16, 2015	20.05	5.56% [-3.28%]	-9.72 [-5.42%]	8.06% [-12.73%]
4.	Emkay Taps and Cutting Tools Limited	15.55	330.00	August 13, 2015	334.00	-1.21% [-5.79%]	-1.51% [6.35%]	0% [-9.48%]
5.	Universal Autofoundry Limited	3.24	15.00	September 04, 2015	16.00	5% [7.28%]	73.33% [3.74%]	100% [-1.50%]

No.	Issue name	Issue size (Rs in Cr.)	Issue Price (Rs.)	Listing date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
6.	Bella Casa Fashion & Retail Limited	3.43	14.00	October 15, 2015	14.30	72.85% [-5.18%]	86.43% [-8.62%]	64.29% [-8.17%]
7.	Vishal Bearings Limited	3.24	25.00	October 15, 2015	26.00	22.00% [-4.69%]	16.4% [-8.62%]	16% [8.17%]
8.	Arambhan Hospitality Services Ltd (Formerly known as "Cawasji Behramji Catering Services Limited")	1.862	14.00	October 19, 2015	15.25	103.57% [-5.48%]	142.86% [-11.61%]	125% [-9.82%]
9.	Raghav Ramming Mass Limited	7.48	39.00	April 13, 2016	41.00	3.85% [0.64%]	44.61% [8.51%]	NA
10.	Advance Syntax Limited	2.52	12.00	July 12, 2016	13.25	0.00% [1.24%]	NA	NA

Source: Price Information [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com), Issue Information from respective Prospectus.

**Summary statement of Disclosure:**

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount- 30th calendar days from listing			No. of IPOs trading at Premium- 30th calendar days from listing			No. of IPOs trading at discount- 180th calendar days from listing			No. of IPOs trading at Premium- 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2013-14	3(1)	10.66	-	-	1	1	1	-	-	-	-	2	-	1
2014-15	7(2)	38.25	-	-	-	2	-	5	-	-	-	3	-	4
2015-16	8(3)	34.20	-	-	1	2	2	3	-	-	-	3	1	4
2016-17	2(4)	10.00	-	-	-	-	-	2	-	-	-	-	-	-

(1)The scripts of Samruddhi Realty Limited, Captain Polyplast Limited and Tentiwal Wire Products Limited were listed on April 12, 2013, December 11, 2013 and December 31, 2013 respectively.

(2)The scripts of R&B Denims Limited, Bansal Roofing Products Limited, Atishay Infotech Limited, Dhabriya Polywood Limited, Vibrant Global Capital Limited, ADCC Infocad Limited and Captain Pipes Limited were listed on April 22, 2014,



July 14, 2014, October 16, 2014, October 17, 2014, October 21, 2014, October 22, 2014, and December 11, 2014 respectively.

(3) The scripts of O.P. Chains Limited, Junction Fabrics and Apparels Limited, Loyal Equipments Limited, Emkay Taps & Cutting Tools Limited, Universal Autofoundry Limited, Bella Casa Fashion and Retail Limited, Vishal Bearings Limited and Cawasji Behramji Catering Services Limited were listed on April 22, 2015, July 10, 2015, July 16, 2015, August 13, 2015, September 4, 2015, October 15, 2015, October 15, 2015 and October 19, 2015 respectively.

(4) The scripts of Raghav Rammig Mass Limited was listed on April 13, 2016

\*Raghav Rammig Mass Limited has not completed 180th days from the listing day.

\*Advance syntex Limited Listed on July 12, 2016 has not completed 30th and 180th day from listing.

Note:

- ❖ BSE SENSEX and CNX NIFTY has been considered as the benchmark index.
- ❖ Prices on BSE/NSE are considered for all of the above calculations.
- ❖ In case 30th /90th /180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered.
- ❖ In case 30th /90th /180th day, scrips are not traded then last trading price has been considered.
- ❖ As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect max. 10 issues (initial public offerings managed by the lead manager. Hence, disclosures pertaining to recent 10 issues handled by lead manager are provided.

#### **Track Record of past issues handled by Hem Securities Limited**

For details regarding track record of LM to the Offer as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the LM at: [www.hemsecurities.com](http://www.hemsecurities.com)

#### **Disclaimer from our Company and the Lead Manager**

Our Company, Selling Shareholders and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The LM accept no responsibility, save to the limited extent as provided in the MOU entered between the LM (Hem securities Limited) and our Company on [●] 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 centres 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 Offer 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 Offer 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 ₹ 2,500.00 Lakhs and pension funds with a minimum corpus of ₹ 2,500.00 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 Offer will be subject to jurisdiction of the competent court(s) in Jaipur, Rajasthan, 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.

### **Disclaimer Clause of the SME Platform of NSE**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter [●] permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized 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 Promoter, 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-400051, Maharashtra

A copy of this Draft Prospectus shall not be filed with the SEBI, nor will SEBI issue any observation on the 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, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India 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, 100, Everest, Marine Drive, Mumbai-400002, Maharashtra.

### **Listing**

The Equity Shares of our Company are proposed to be listed on NSE EMERGE. 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 Offer. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by NSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus. If such money is not repaid within eight (8) days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) days, be liable to repay such application money, with interest at the rate as prescribed under the Companies Act, 2013.

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 Six (6) Working Days of the Offer Closing Date.

### **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 in different combinations of his name or surname for acquiring or subscribing for its securities; or Otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, Shall be liable to action under section 447 of the Companies, Act 2013

### **Consents**

Consents in writing of (a) Our Directors, Our Promoters, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Key Managerial Personnel, Our Peer Review Auditor, Our Banker(s) to the Company; (b) Lead Manager, Registrar to the Offer, Banker(s) to the Offer, Legal Advisor to the Offer, Underwriter(s) to the Offer and Market Maker to the Offer to act in their respective capacities shall be obtained as required 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.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, Ankit M Agarwal & Co., Chartered Accountants, Peer Review Auditors of the Company has agreed to provide their written consent to the inclusion of their respective reports on “**Statement of 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 “**Financial information of the Company**” and “**Statement of Tax Benefits**” on page 126 and page 70 of this Draft Prospectus from the Peer Review Auditors and Statutory Auditor respectively, our Company has not obtained any expert opinions. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act 1933.

### **Expenses of the Offer**

The Estimated Offer expenses are as under:-

<b>Activity</b>	<b>Expenses (Rs in Lakhs)</b>	<b>% of Estimated Expenditure</b>	<b>Total Offer</b>	<b>% of Offer Size</b>
Payment to Merchant Banker including, Underwriting and Selling commissions, Brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other Out of Pocket Expenses	[●]	[●]		[●]
Printing and Stationery and Postage Expenses	[●]	[●]		[●]
Advertising and Marketing Expenses	[●]	[●]		[●]
Regulatory Fee and Expenses	[●]	[●]		[●]
Total	[●]	[●]		[●]

### **Fees, Brokerage and Selling Commission payable to the LM**

The total fees payable to the Lead Manager will be as per the (i) Memorandum of Understanding dated , [●] with the Lead Manager Hem Securities Limited, (ii) the Underwriting Agreement dated [●] with Underwriter Hem Securities Limited 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 Offer**

The fees payable to the Registrar to the Offer for processing of applications, data entry, printing of refund orders, preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the agreement between our Company and the Registrar to the Offer dated June 21, 2016 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 make refunds in any of the modes described in this Draft Prospectus or send allotment advice by registered post/speed post.

### **Particulars regarding Public or Rights Issues during the last five (5) years**

Our Company has not made any previous public or rights issue in India or Abroad the five (5) years preceding the date of this Draft Prospectus.





### **Previous issues of Equity Shares otherwise than for cash**

For detailed description please refer to section titled "Capital Structure" beginning on page 45 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 under section titled "Capital Structure" beginning on page 45 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 in the last ten (10) years preceding the date of this Draft Prospectus.

### **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 a 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 amongst the Registrar to the Offer, our Company provides for retention of records with the Registrar to the Issue for a period of at least three (3) year from the last date of dispatch of the letters of allotment, or demat credit or where refunds are being made electronically, giving of unblocking instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.





All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch or the collection centre of the SCSBs where the Application Form was submitted by the ASBA Applicants.

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 hereinabove.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer for the redressal of routine investor grievances shall be fifteen (15) 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 Ms. Pooja Vijay Potdar, Company Secretary, 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:

#### **Ms. Pooja Vijay Potdar**

#### **Laxmi Cotspin Limited**

GUT No.399, Samangaon- Kajla Road,  
in front of Meenatai Thakare Vridhashram,  
Samangaon, Jalna- 431203, India.

Tel No: +91 2482 – 257295/257222/ 257444

**Facsimile:** + 91 02482 257200

E-mail: [complianceofficerlaxmicotspin@gmail.com](mailto:complianceofficerlaxmicotspin@gmail.com)

Website: [www.laxmicotspin.com](http://www.laxmicotspin.com)

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**

Except for appointment of M/s. Ankit M Agarwal & Co., Chartered Accountants, as peer review auditor in addition to the existing auditors, there have been no changes in our Company's auditors in the last three (3) years.

### **Capitalization of Reserves or Profits**

Except as disclosed under section titled "Capital Structure" beginning on page 45 of this Draft Prospectus, our Company has not capitalized its reserves or profits at any time during the last five (5) years.

### **Revaluation of Assets**



Our Company has not revalued its assets in five (5) 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 section titled "Statement of Tax Benefits" beginning on page 70 of this Draft Prospectus.

### **Purchase of Property**

Other than as disclosed under section titled "Our Business" beginning on page 90 of this Draft Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue 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.

Except as stated elsewhere in the Draft Prospectus, our Company has not purchased any property in which the Promoter 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 principal 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 under sections titled "Our Management" and "Related Party Transactions" beginning on pages 108 and 124 respectively 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: OFFER INFORMATION

### TERMS OF THE OFFER

*The Equity Shares being offered are subject to the provisions of the Companies Act, SCRA, SCRR, SEBI (ICDR) Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the abridged prospectus, Application Form, CAN, the Revision Form, Allotment advices, and other terms and conditions as may be incorporated in the documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the FIPB, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

*Please note that in terms of SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the investors applying in this issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment i.e. just writing their bank account numbers and authorising the banks to make payment in case of allotment by signing the application forms,*

#### **Authority for the Present Offer**

The present Public Offer of 48,00,000 Equity Shares in terms of this Draft Prospectus has been proposed and authorized by the Board of Directors pursuant to a resolution dated June 20, 2016 and by the shareholders pursuant to the special resolution passed in an Extra Ordinary General Meeting dated July 15, 2016 under Section 28 of the Companies Act, 2013.

#### **Ranking of Equity Shares**

The Equity Shares being offer shall be subject to the provisions of the Companies Act, 2013 and our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The allottees, upon Allotment of Equity Shares under this Issue, will be entitled to receive dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to section titled "Main Provisions of Articles of Association" beginning on page 243 of this Draft Prospectus.

#### **Mode of Payment of Dividend**

Our Company shall pay dividend to the shareholders of our Company in accordance with the provisions of the previous Companies Act, 1956 and the Companies Act, 2013, as may be applicable, the Articles of Association of our Company, the provisions of the SEBI Listing Regulations and any other rules, regulations or guidelines as may be issued by the Government of India in connection thereto and as per the recommendation by our Board of Directors and approved by our Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, For further details in relation to dividends, please refer to sections titled "Dividend Policy" and "Main Provisions of the Articles of Association" beginning on pages 125 and 243 respectively of this Draft Prospectus.

#### **Face Value and Offer Price**

The Offer Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled "Basis for Offer Price" beginning on page 68 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 as amended time to time. 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 of our Company, the equity shareholders shall have the following rights:



- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; subject to any statutory and other preferential claims being satisfied;
- Right of free transferability of the Equity Shares, subject to applicable law, including any RBI Rules and Regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the previous Companies Act, 1956 and Companies Act, 2013, as may be applicable, terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For further details on the main provision of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/ or consolidation / splitting, etc., please refer to section titled "Main Provisions of Articles of Association" beginning on page 243 of this Draft Prospectus.

#### **Minimum Application Value, Market Lot and Trading Lot**

In terms of section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI (ICDR) Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors.

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares and the same may be modified by the SME Platform of NSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Draft Prospectus will be done in multiples of [●] 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**

The minimum number of allottees in the Issue shall be fifty (50) shareholders. In case the minimum number of prospective allottees is less than fifty (50), no allotment will be made pursuant to this Issue and the amounts in the ASBA Account shall be unblocked forthwith.

#### **Joint Holders**

Where two (2) or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

#### **Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013 the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 72 of the Companies Act, 2013 any Person who becomes a nominee by virtue of this section shall upon the production of such evidence as may be required by the Board, elect either:



- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Period of Operation of Subscription List of Public Offer

<b>OFFER OPENS ON</b>	[●]
<b>OFFER CLOSES ON</b>	[●]

### **Minimum Subscription**

In accordance with Regulation [106P] (1) of SEBI (ICDR) Regulations, this Offer is 100% underwritten. Also, in accordance with explanation to Regulation [106P](1) of SEBI (ICDR) Regulations, the underwriting shall not be restricted to any minimum subscription level. This Offer is 100% underwritten and the details of the same have been disclosed under section titled "General Information" beginning on page 38 of this Draft Prospectus.

As per section 39 of the new Companies Act, if the "stated minimum amount" has not been subscribed and the sum payable on application is not received within a period of thirty (30) days from the date of issue of Prospectus, the application money has to be returned within such period as may be prescribed.

If our Company does not receive the subscription of 100% of the Issue through this Offer Document including devolvement of Underwriters within sixty (60) days from the date of closure of the issue, our Company shall forthwith unblocked the entire subscription amount received. If there is a delay beyond eight (8) days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under section 73 of the Companies Act, 2013 and applicable law.

Further, in accordance with Regulation [106R] of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be fifty (50). In case the minimum number of prospective allottees is less than fifty (50), no allotment will be made pursuant to this Issue and the amounts in the ASBA Account shall be unblocked forthwith.

Further, in accordance with Regulation [106Q] of the SEBI (ICDR) Regulations the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh 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 offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

### **Arrangements for disposal of odd lots**

The trading of the Equity Shares will happen in the minimum contract size of [●] equity shares in terms of the SEBI Circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of NSE.

### **Application by Eligible NRIs, FPIs/FIIs registered with SEBI, VCFs registered with SEBI**

It is to be understood that there is no reservation for Eligible NRIs or FPIs/FIIs registered with SEBI or VCFs. Such Eligible NRIs, FPIs/FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of

Allocation.

**As per the extant policy of the Government of India, OCBs cannot participate in this Issue.**

NRIs, FPIs/FIIs and foreign venture capital investors registered with SEBI are permitted to purchase shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("**FDI**") Policy and the non-resident shareholding is within the sectoral limits under the FDI policy; and (ii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

**Restrictions 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 minimum contribution in the Issue as detailed in the section titled "Capital Structure" beginning on page 45 of this Draft Prospectus, and except as provided in the Articles of Association of our Company, there are no restrictions on transfer and transmission and on their consolidation / splitting of Equity Shares. For further details, please refer to the section titled "Main Provisions of Articles of Association" beginning on page 243 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 Managers do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.*

**Option to receive Equity Shares in Dematerialized Form**

As per Section 29 of the Companies Act, 2013 and in accordance with SEBI (ICDR) Regulations, every company making public offer shall issue securities only in dematerialized form only. Hence, the Equity Shares being offered can be applied for in the dematerialized form only. The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in dematerialized form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Exchange. Applicants will not have an option of Allotment of the Equity Shares in physical form. Allottees shall have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.

**Migration to Main Board**

In accordance with the NSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the NSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the NSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations. Our Company may migrate to the main board of NSE from the SME Exchange on a later date subject to the following:

- 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 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 the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### Market Making

The Equity Shares offered through this offer are proposed to be listed on the SME Platform of NSE (SME Exchange), wherein [●] is the Market Maker to this offer shall ensure compulsory Market Making through the registered Market Makers of the SME Exchange for a minimum period of three (3) years from the date of listing on the SME Platform of NSE. For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker please refer to section titled "General Information - Details of the Market Making Arrangements for this Offer" beginning on page 42 of this Draft Prospectus.

In accordance with the SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012; it has been decided to make applicable limits on the upper side for the Market Makers 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)
Upto ₹ 20 Crore, as applicable in our case	25%	24%

Further, the Market Maker shall give two (2) way quotes till it reaches the upper limit threshold; thereafter it has the option to give only sell quotes. Two (2) way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

### New Financial Instruments

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company through this issue.

### Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts / authorities in Mumbai, India.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States 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, registration requirements of the U.S. Securities Act and applicable U.S. state Securities laws. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.



### OFFER STRUCTURE

This Issue is being made in terms of Regulation 106M (1) of Chapter XB of the SEBI (ICDR) Regulations, whereby, an issuer whose post issue face value capital does not exceed ten crores, 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 this Offer, please refer to sections titled "Terms of the Offer" and "Offer Procedure" beginning on pages 196 and 203 respectively of this Draft Prospectus.

The present Offer of 48,00,000 Equity Shares at a price of ₹[●] aggregating to ₹[●] lakhs by our Company. The offer of Equity Shares will constitute % of the fully diluted post-issue equity share capital of our Company.

Particulars of the offer	Net offer to Public*	Market Maker Reservation Portion
<b>Number of Equity Shares</b>	4560000 Equity Shares	240000 Equity Shares
<b>Percentage of offer Size available for allocation</b>	95 % of the offer Size	5 % of the offer Size
<b>Basis of Allotment/ Allocation if respective category is oversubscribed</b>	Proportionate subject to minimum allotment of [●] Equity Shares and further allotment in multiples of [●] Equity Shares each.  For further details please refer to "Basis of Allotment" under section titled "Offer Procedure" beginning on page 203 of this Draft Prospectus.	Firm Allotment
<b>Mode of Application</b>	Through ASBA Process Only	Through ASBA Process Only
<b>Mode of Allotment</b>	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
<b>Minimum Application Size</b>	<b>For Other than Retail Individual Investors:</b>  Such number of Equity Shares in multiples of [●] Equity Shares such that the Application Value exceeds ₹2,00,000.  <b>For Retail Individuals:</b>  [●] Equity Shares at offer price of ₹ [●] each.	[●] Equity Shares of Face Value ₹10.00
<b>Maximum Application Size</b>	<b>For Other than Retail Individual Investors:</b>  The maximum application size is the Net Offer to public subject to limits the investor has to adhere under the relevant laws and regulations applicable.  <b>For Retail Individuals Investors:</b>  Such number of Equity Shares in multiples of [●] Equity Shares such that the application value does not exceed ₹ 2, 00,000.	[●] Equity Shares of Face Value ₹10.00
<b>Trading Lot</b>	[●] Equity Shares	[●] Equity Shares. However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
<b>Terms of Payment</b>	100%	100%



This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations. For further details please refer to section titled "Offer Structure" beginning on page 201 of this Draft Prospectus.

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

- a) Minimum fifty percent to Retail Individual Investors; and
- b) Remaining to Investors Other than Retail Individual Investors
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

"If the retail individual investor category is entitled to more than fifty per cent (50%) on proportionate basis, the retail individual investors shall be allocated that higher percentage"

### **Withdrawal of the Offer**

Our Company, in consultation with the Lead Manager, 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:

- (i) The final listing and trading approvals of NSE for listing of Equity Shares offered through this Issue on its SME Platform, which the Company shall apply for after Allotment; and
- (ii) The final RoC approval of this Prospectus after it is filed with the RoC.
- (iii) In case, our Company wishes to withdraw the Issue after Issue Opening but before allotment, our Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two (2) widely circulated national newspapers (one each in English and Hindi) and one (2) in regional newspaper.

The Lead Manager, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one (1) 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.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares offered through this Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

### **Offer Programme**

<b>OFFER OPENING DATE</b>	[●]
<b>OFFER CLOSING DATE</b>	[●]

Applications and any revisions to the same will be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, .On the Issue Closing Date when applications will be accepted only between 10.00 a.m. to 4.00 p.m. (Indian Standard Time).

Due to limitation of time available for uploading the application on the Offer Closing Date, Applicants are advised to submit their applications one day prior to the Issue Closing Date and, in any case, not later than 1.00 p.m. IST on the Offer Closing Date. Any time mentioned in this Draft Prospectus is IST. Applicants are cautioned that, in the event a large number of applications are received on the Issue Closing Date, as is typically experienced in public offerings, some applications may not get uploaded due to lack of sufficient time. Such applications that cannot be uploaded will not be considered for allocation under this Issue.

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday)

## OFFER PROCEDURE

All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") **included below under 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 (to the extent notified), the Companies Act, 1956 (to the extent not repealed by 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 Regulations 2015 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.

Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)(Fifth Amendment)Regulations, 2015, there have been certain changes in the issue procedure for initial public offerings including making ASBA Process mandatory for all investors, allowing registrar, share transfer agents, collecting depository participants and stock brokers to accept application forms. Further, SEBI, by its circular No. (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, reduced the time taken for listing after the closure of an issue to six working days. These changes are applicable for all public issues which open on or after January 1, 2016.

**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. 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 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.

**Our Company and the LM are not liable for any amendments, modifications or change in applicable laws or regulations, which may occur after the date of this Draft Prospectus.**

### PART A

#### Fixed Price Issue Procedure

The Issue is being made under Regulation 106(M) (1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Designated Intermediaries i.e. Self- Certified Syndicate Bank (SCSB) or Registered Brokers of Stock Exchanges or Registered Registrar to the Issue and Share Transfer Agents (RTAs) or Depository Participants (DPs) registered with SEBI. In case of QIB Applicants, our Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form. Further the Equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

**Application Form**

Pursuant to SEBI Circular dated January 01, 2016 and bearing No. CIR/CFD/DIL/1/2016, the Application Form has been standardized. Also please note that pursuant to SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the investors can apply through ASBA Mode. The prescribed colour of the Application Form for various categories applying in this issue is as follows:

Category	Colour
Indian Public / eligible NRI's applying on a non-repatriation basis (ASBA)	White
Non-Residents including eligible NRI's, FPI's, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA)	Blue

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 information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number.

Pursuant to SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, 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 for this activity)
5.	A registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

*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 proof of having accepted the application form, in physical or electronic mode, respectively.*

The upload of the details in the electronic bidding system of stock exchange will be done by:

<b>For Applications submitted by investors to SCSB:</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
<b>For applications submitted by investors to intermediaries other than SCSBs:</b>	After accepting the application form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. 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.

Upon completion and submission of the Application Form to Application Collecting Intermediaries, the Applicants are deemed to have authorized our Company to make the necessary changes in the Draft Prospectus without prior or subsequent notice of such changes to the Applicants.

**Availability of Prospectus and Application Forms**

The Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, (Lead Manager to the Issue, Registrar to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of NSE Limited i.e. [www.nseindia.com](http://www.nseindia.com)

### **Who can apply?**

In addition to the category of Applicants as set forth under “*Part B -General Information Document for Investing in Public Issues-Category of Investors Eligible to participate in an Issue*” on page 220 of this Draft Prospectus, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporate or foreign individuals only under the Non Institutional Investors category;
- Scientific and / or industrial research organizations authorized in India to invest in the Equity Shares.
- Any other persons eligible to apply in this Issue under the laws, rules, regulations, guidelines and policies applicable to them.

### **MAXIMUM AND MINIMUM APPLICATION SIZE**

The applicants in this Offer, being a fixed price, will be categorized into two;

#### **1. 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 Price 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 Price does not exceed ₹ 2,00,000.

#### **2. For Other than Retail Individual Applicants (Non-Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares that the Application Amount exceeds ₹2,00,000 and in multiples of [●] Equity Shares thereafter. An Application cannot be submitted for more than the Net 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.**

**The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

### **Participation by Associates /Affiliates of LM and the Syndicate Members**

The LM and Syndicate Members, if any shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting and market making obligations. However, associates/affiliates of the LM and Syndicate Members, if any may subscribe for Equity Shares in the Issue, either in the QIB Category or in the Non- Institutional Category as may be applicable to the Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

### **Option to Subscribe in the Issue**

- a. As per Section 29(1) of the Companies Act 2013, allotment of Equity Shares shall be dematerialized form only. Investors will not have the option of getting allotment of specified securities in physical form. However, they may



- get the specified securities re-materialized subsequent to allotment.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
  - c. A single application from any investor shall not exceed the investment limit/minimum number of Equity Shares 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 Indian (except for those applying on non-repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu Undivided Families, Partnership firms or their nominees. In case of HUFs, application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. Eligible NRIs applying on a non-repatriation basis should authorize their SCSB to block their NRE/FCNR accounts as well as NRO accounts.

**Applications by eligible NRI's/ FPI's 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. A 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) Transaction 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 (Buy-back 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 239 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" 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.

An 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**

As per the Current regulations, the following restrictions are applicable for investments by Mutual Fund:

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 index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid up share capital carrying voting rights.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

The Application made by Asset Management Companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

#### **Application 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 up to 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 Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI Regulations shall continue to be regulated by the VCF Regulations.

#### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the LLP 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 IRDA, certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company in consultation with the LM, 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 Scheme) (5th Amendment) Regulations, 2010, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- (a) Equity shares of a company: The lesser 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;
- (b) The entire group of the investee company: at least 10% of the respective fund in case of a life insurer or 10% of investment assets in case of general insurer or reinsurer (25% in case of Unit Linked Insurance Plans); and
- (c) 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 Unit Linked Insurance Plans).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in infrastructure and housing sectors i.e. 26th December, 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.

### **Applications under Power of Attorney**

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, FPI's, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 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 thereof.

With respect to the applications by VCFs, FVCIs and FPIs, 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 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 reason thereof.

In the case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolutions or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be submitted along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefore.

In the case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by the IRDA must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In the case of Applications made by to the power of attorney by FIIs, a certified copy of the power of attorney the relevant resolution or authority, as the case may be along with the certified copy of SEBI registration certificate must be lodged with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In the case of Applications made by provident funds, subject to applicable law, with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, 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, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

**Application by Provident Funds/Pension Funds**

In case of Applications made by provident funds with minimum corpus of Rs. 2500 Lacs (subject to applicable law) and pension funds with minimum corpus of Rs. 2500 Lacs, a certified copy of 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 any Application in whole or in part, in either case, without assigning any reason thereof.

The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of filing of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the maximum number of Equity Shares applied for or maximum investment limits do not exceed the applicable limits under laws or regulations 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 a regional newspaper with wide circulation. This advertisement shall be in prescribed format.
2. Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
3. Copies of the Application Form along with Abridge Prospectus and copies of the Prospectus will be available with the, the Lead Managers, the Registrar to the Issue, and at the Registered Office of our Company. Electronic Application Forms will also be available on the websites of the Stock Exchange,
4. Any applicant who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office.
5. Applicants who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
6. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Application Form submitted by Applicants whose beneficiary account is inactive shall be rejected.
7. The Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained, or other Designated Intermediaries (Other than SCSBs). SCSBs 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.
8. Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of SCSB, where the ASBA Account is maintained. Applications submitted directly to the SCSBs or other Designated Intermediaries (Other than SCSBs), the relevant SCSB, shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form, before entering the ASBA application into the electronic system.
9. 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 participating 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.
10. 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 Designated 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.

### **Method and Process of Applications**

1. Applicants are required to submit their applications during the Issue Period only through the following Application collecting intermediary
  - i. an SCSB, with whom the bank account to be blocked, is maintained
  - ii. a syndicate member (or sub-syndicate member)
  - iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ("broker")
  - iv. a depository participant ("DP") (whose name is mentioned on the website of the stock exchange as eligible for this activity)
  - v. a registrar to an issue and share transfer agent ("RTA") (whose name is mentioned on the website of the stock exchange as eligible for this activity)
2. The Issue Period shall be for a minimum of three Working Days and shall not exceed 10 (ten) Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding 10 (ten) Working Days.
3. During the Issue Period, Applicants who are interested in subscribing to the Equity Shares should approach the Designated Intermediaries to register their applications.
4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to the Designated Intermediaries. Submission of a second Application form to either the same or to another Designated Intermediaries will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system or at any point prior to the allocation or Allotment of Equity Shares in this Issue.
5. The intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

<b>For Applications submitted by investors to SCSB:</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
<b>For applications submitted by investors to intermediaries other than SCSBs:</b>	After accepting the application form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. 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.

6. Upon receipt of the Application Form, submitted whether in physical or electronic mode, the Designated Intermediaries shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, prior to uploading such applications with the Stock Exchange.
7. If sufficient funds are not available in the ASBA Account, the Designated Intermediaries shall reject such applications and shall not upload such applications with the Stock Exchange.
8. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the Applicant on request.
9. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public

Issue Account, or until withdraw/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. 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 ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### **Terms of payment**

The entire Offer price of Rs. [●] 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.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Issue Account, the balance amount after transfer will be unblocked by the SCSBs.

The applicants should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.

### **Payment mechanism for Applicants**

The applicants shall specify the bank account number in their Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of instructions from the Registrar to unblock the Application Amount. However Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application by the ASBA Applicant, as the case may be.

*Please note that pursuant to SEBI circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in the public issue can only invest through ASBA Mode.*

### **Electronic Registration of Applications**

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded before 1.00 p.m. of next Working Day from the Issue Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to,
  - (i) the applications accepted by them,
  - (ii) the applications uploaded by them
  - (iii) the applications accepted but not uploaded by them or
  - (iv) with respect to applications by Applicants, applications accepted and uploaded by any Designated Intermediary other than SCSBs, the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Lead Managers nor our Company nor the Registrar to the Issue, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to,
  - (i) the applications accepted by any Designated Intermediaries
  - (ii) the applications uploaded by any Designated Intermediaries or



(iii) the applications accepted but not uploaded by any Designated Intermediaries

5. The Stock Exchange will offer an electronic facility for registering applications for the Issue. This facility will be available at the terminals of Designated Intermediaries and their authorized agents during the Issue Period. The Designated Branches or agents of Designated Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Issue Closing Date, the Designated Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Syndicate Members, DPs and RTAs shall forward a Schedule as per format given below along with the Application Forms to Designated Branches of the SCSBs for blocking of funds:

S. No.	Details*
1.	Symbol
2.	Intermediary Code
3.	Location Code
4.	Application No.
5.	Category
6.	PAN
7.	DP ID
8.	Client ID
9.	Quantity
10.	Amount

*\*Stock Exchanges shall uniformly prescribe character length for each of the above-mentioned fields*

7. With respect to applications by Applicants, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Applicants into the on-line system:
  - Name of the Applicant;
  - IPO Name;
  - Application Form Number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Number of Equity Shares Applied for;
  - Bank Account details;
  - Locations of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.
8. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Application Form number which shall be system generated.
9. The aforesaid Designated Intermediaries shall, at the time of receipt of application, give an acknowledgment to the 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 as well as electronic mode. The registration of the Application by the Designated Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
10. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
11. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Draft Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.

12. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our company; our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
13. The Designated Intermediaries will be given time till 1.00 p.m. on the next working day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
14. The SCSBs shall be given one day after the Issue Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Issue.
15. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.

#### **Allocation of Equity shares**

- 1) The Offer is being made through the Fixed Price Process wherein 2,40,000 Equity Shares shall be reserved for Market Maker. 22,80,000 Equity shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from Retail Individual Applicants at the Issue Price. The balance of the Net Issue will be available for allocation on proportionate basis to Non Retail Applicants.
- 2) Under- subscription if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Managers and the Stock Exchange.
- 3) Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- 4) In terms of SEBI Regulations, Non Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.
- 5) Allotment status details shall be available on the website of the Registrar to the Issue.

#### **Signing of Underwriting Agreement and Filing of Prospectus with ROC**

- a) Our company has entered into an Underwriting Agreement dated [●]
- b) A copy of Prospectus will be filed with the RoC in terms of Section 26 of Companies Act, 2013.

#### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act 2013, our Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in (i) English National Newspaper; (ii) Hindi National News paper and (iii) Regional Newspaper each with wide circulation.

#### **Issuance of Allotment Advice**

- 1) Upon approval of the Basis of Allotment by the Designated Stock Exchange.
- 2) The Lead Managers or the Registrar to the Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.



### **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 the Depository Participant and the 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 are updated, 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.
- Ensure that you have funds equal to the Application Amount in the ASBA account maintained with the SCSB before submitting the Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations); Instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
- 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 the Application Forms are delivered by the applicants within the time prescribed as per the Application Form and the Prospectus;
- Ensure that you have requested for and receive a TRS;
- Ensure that you request for and receive a stamped acknowledgement of the Application Form for all your application options;
- All Investors submit their applications through the ASBA process only;
- Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and
- The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

#### **Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply for 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 SCSBs, Registered Brokers of Stock Exchange, RTA and DPs registered with SEBI;
- 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 Designated Intermediary only;
- Do not submit the Application Forms to any non-SCSB bank or our Company
- Do not apply on an Application Form that does not have the stamp of the relevant Designated Intermediary;
- Do not submit the application without ensuring that funds equivalent to the entire application Amount are blocked in the relevant ASBA Account;
- Do not apply for an Application Amount exceeding Rs. 2,00,000 (for applications by Retail Individual Applicants);
- 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;
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- Do not submit applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant; and
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.

### **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 Designated Intermediaries. ASBA Application Forms, which do not bear the stamp of the Designated Intermediaries, will be rejected.

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) and NSE i.e. [www.nseindia.com](http://www.nseindia.com) With a view to broad base the reach of Investors by substantial), enhancing the points for submission of applications, SEBI vide Circular No.CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public Issue with effect front January 01, 2016. The List of ETA and DPs centres for collecting the application shall be disclosed 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, PAN Nos, Client ID and DP ID 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 as entered into the Stock Exchange online system, the Registrar to the Issue will obtain front the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment 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.

### **Submission of Application Form**

All Application Forms duly completed shall be submitted to the Designated Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

### **Communications**

All future communications in connection with 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 Designated Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

### **Disposal of Application and Application Moneys and Interest in Case of Delay**

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at NSE-EMERGE where the Equity Shares are proposed to be listed are taken within 6 working days from Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations.

Company further undertakes that:

1. Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Issue Closing Date;
2. The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

### **Impersonation**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act,*

2013 which is reproduced below:

"Any person who—

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447 of Companies Act, 2013 and shall be treated as Fraud."***

### **Undertakings by Our Company**

We undertake as follows:

- 1) That the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 6 (six) Working days of Issue Closing Date.
- 3) That if the Company do not proceed with the Issue, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 4) That the our Promoters' contribution in full has already been brought in;
- 5) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- 6) That Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
- 7) That no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Application monies are unblocked on account of non-listing, under subscription etc. and
- 8) That if the Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company subsequently decides to proceed with the Issuer;
- 9) That none of the promoters or directors of the company is willful defaulter under Section 4(5) of SEBI (ICDR) Regulations, 2009 as per the *(Third Amendment) in SEBI (ICDR) Regulations, 2016 dated May, 25, 2016*

### **Utilization of Issue Proceeds**

The Board of Directors of our Company 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 sub section (3) of Section 40 of the Companies Act 2013;
- 2) Details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized, under an appropriate head in our balance sheet of our company indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of our company indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of SEBI Listing Regulations, 2015 pursuant to section 177 of the



Company's Act, 2013 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.

The Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactorily.

### **Equity Shares in Dematerialized Form with NSDL or CDSL**

To enable all shareholders of our Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a) Agreement dated [●] between NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated [●] between CDSL, the Company and the Registrar to the Issue;

The Company's equity Shares bear an ISIN No. [●]

### **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). Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications. 201
- 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 its absolute discretion, all or any multiple Applications in any or all categories.

After submitting an ASBA Application either in physical or electronic mode, an ASBA Applicant cannot apply (either in physical or electronic mode) to either the same or another Designated Branch of the SCSB Submission of a second Application in such manner will be deemed a multiple Application and would be rejected. More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Application Forms with respect to any single ASBA Account.

Duplicate copies of Application Forms downloaded and printed from the website of the Stock Exchange bearing



the same application number shall be treated as multiple Applications and are liable to be rejected. The Company, in consultation with the Lead Manager reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. In this regard, the procedure which would be followed by the Registrar to the Issue to detect multiple Applications is given below:

1. All Applications will be checked for common PAN. For Applicants other than Mutual Funds and FII sub-accounts, Applications bearing the same PAN will be treated as multiple Applications and will be rejected.
2. For Applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the Applicants for whom submission of PAN is not mandatory such as the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Application Forms will be checked for common DP ID and Client ID.

#### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (—PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without the PAN 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.

**Our Company/ Registrar to the Issue/ Lead Manager can, however, accept the Application(s) in which PAN is wrongly entered into by ASBA SCSB's in the ASBA system, without any fault on the part of Applicant.**

## 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. Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Draft Prospectus/Prospectus before investing in the Issue

#### **Section 1: Purpose of the General Information Document (GID)**

This document is applicable to the public issues undertaken inter-alia through the 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 and Abbreviations”.

#### **Section 2: Brief Introduction to IPOs on SME Exchange**

##### **2.1 Initial public offer (IPO)**

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is inter-alia required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009 if applicable. For details of compliance with the eligibility requirements by the Issuer Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under Chapter XB of SEBI (ICDR) regulations, wherein as per,

- Regulation 106M(1) : An issuer whose post-issue face value capital does not exceed ten crore 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 crore rupees and upto twenty five crore rupees, may also issue its specified securities in accordance with provisions of this Chapter.

The present Offer 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 Act”***), the Securities Contracts (Regulation) Rules, 1957 (the ***“SCRR”***), industry-specific regulations, if any, and other applicable laws for the time being in force.

Following are the eligibility requirements for making an SME IPO under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation:

- a) In accordance with Regulation 106(P) of SEBI (ICDR) Regulation, 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 SEBI (ICDR) Regulation, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise the entire application money will be blocked 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) Regulation, 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) Regulation, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.
- e) The Issuer shall have a track record of three years.
- f) The Net worth (excluding revaluation reserves) of the Issuer shall be positive as per the latest audited financial results.
- g) The Issuer should have positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years.
- h) The Post-issue paid up capital of the Issuer shall be less than Rs. 25 Crores.
- i) The Issuer shall mandatorily facilitate trading in demat securities.
- j) The Issuer should not have been referred to Board for Industrial and Financial Reconstruction.
- k) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.
- l) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the Issuer.
- m) The Company should have a website

Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106 (M) (3) of SEBI (ICDR) Regulation, 2009 the provisions of regulations 6(1), 6(2), 6(3) , Regulation 7, 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 the Company is eligible for the Issue in accordance with Regulation 106M(1) and other provision of Chapter XB of SEBI (ICDR) Regulations as the post –issue face value capital does not exceed Rs.2500 Lacs. Company also complies with the eligibility conditions laid by the SME Platform of NSE 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 this Daft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### **2.4 Issue Period**

The Issue may be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange.

### **2.5 Migration To Main Board**

SME Issuer may migrate to the Main Board of Stock Exchange from the SME Exchange at a later date subject to the



following:

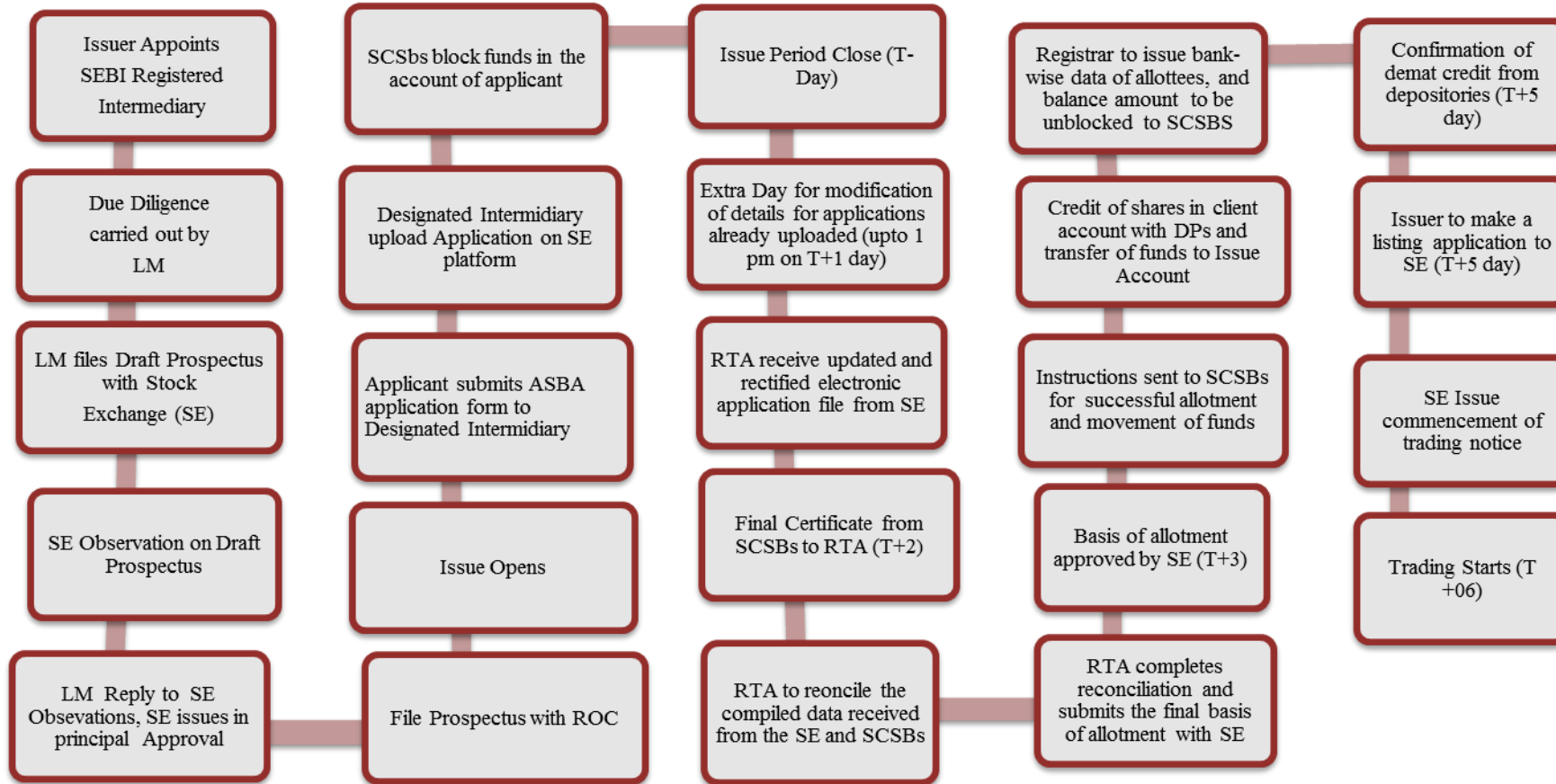
- a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), The Company shall apply to SE 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 the company is more than 10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the 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.** Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, 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 Bidder/Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs may be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorized to invest in equity shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law; 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 regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors, VCFs and FVCIs registered with SEBI.
- Limited liability partnerships registered in India and authorized to invest in equity shares.
- Sub- accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional applicant's category.
- State Industrial Development Corporations.
- Trusts/societies registered under the Societies Registration Act, 1860, as amended or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;
- Scientific and/ or Industrial Research Organizations authorized to invest in equity shares.
- Insurance Companies registered with IRDA;
- Provident Funds and Pension Funds with minimum corpus of Rs. 2500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Eligible QFIs;
- 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, air force of the Union of India or by Department of Posts, India;
- Any other person eligible to apply to this Issue, under the laws, rules, regulations, guidelines, and policies applicable to them and under Indian Laws.

#### **Applications not to be made by:**

- Minors (except under guardianship)
- Partnership firms or their nominees
- Foreign Nationals (except NRIs)
- Overseas Corporate Bodies

As per the existing regulations, OCBs are not allowed to participate in an Issue.

### **Section 4: Applying in the Issue**

**Fixed Price Issue:** Applicants should only use the specified cum Application Form either bearing the stamp of Designated Intermediaries as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the registered office of the Issuer, and office of the RTA and at the office of the 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 color of the Application Form for various categories of Applicants is as follows:



Category	Color of the Application
Resident Indian, Eligible NRIs applying on a non -repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs on a repatriation basis	Blue

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

#### 4.1 Instructions For Filing Application Form/ 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 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:



<p>COMMON BID CUM APPLICATION FORM</p> <p>TO: THE BOARD OF DIRECTORS XYZ LIMITED</p> <p>LOGO</p>	<p><b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b></p> <p>Address : _____ Contact Details: _____ CIN No _____</p> <p style="text-align: center;"><b>FIXED PRICE GME ISSUE</b></p> <p style="text-align: center;"><b>INE000000000</b></p>	<p>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS</p> <p>Bid cum Application Form No. _____</p>																											
<p><b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b></p> <p>Mr. / Ms. _____</p> <p>Address _____ Email _____</p> <p>Tel. No (with STD code) / Mobile _____</p>		<p><b>2. PAN OF SOLE / FIRST BIDDER</b></p> <p>_____</p>																											
<p><b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b>    <input type="checkbox"/> NSDL    <input type="checkbox"/> CDSL</p> <p>For NSDL enter 8 digit DP ID followed by 8 digit Client ID // For CDSL enter 16 digit Client ID</p>		<p><b>4. ISSUES / QR STATUS</b></p> <p><input type="checkbox"/> Individual(s) - IND</p> <p><input type="checkbox"/> Hindu Undivided Family* - HUF</p> <p><input type="checkbox"/> Bodies Corporate - CO</p> <p><input type="checkbox"/> Banks &amp; Financial Institutions - FI</p> <p><input type="checkbox"/> Mutual Funds - MF</p> <p><input type="checkbox"/> Non-Resident Indian- NRI (Non-Repatriation basis)</p> <p><input type="checkbox"/> National Investment Fund - NIF</p> <p><input type="checkbox"/> Insurance Funds - IF</p> <p><input type="checkbox"/> Insurance Companies - IC</p> <p><input type="checkbox"/> Venture Capital Funds - VCF</p> <p><input type="checkbox"/> Alternative Investment Funds - AIF</p> <p><input type="checkbox"/> Others (Please specify) - OTH</p> <p><small>*HUF should apply only through Karva Application by HUF which will be treated as per work Individual)</small></p>																											
<p><b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b></p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th rowspan="2">No. of Equity Shares Bid (In Figures) <small>(This must be in multiples of Bid Lot as advertised)</small></th> <th colspan="3">Price per Equity Share (₹) "Cut-off" <small>(Price in multiples of ₹ 1/- only) (In Figures)</small></th> <th rowspan="2">"Cut-off" Please tick</th> </tr> <tr> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td><input type="checkbox"/></td> </tr> </tbody> </table>			Bid Options	No. of Equity Shares Bid (In Figures) <small>(This must be in multiples of Bid Lot as advertised)</small>	Price per Equity Share (₹) "Cut-off" <small>(Price in multiples of ₹ 1/- only) (In Figures)</small>			"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"/>
Bid Options	No. of Equity Shares Bid (In Figures) <small>(This must be in multiples of Bid Lot as advertised)</small>	Price per Equity Share (₹) "Cut-off" <small>(Price in multiples of ₹ 1/- only) (In Figures)</small>			"Cut-off" Please tick																								
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Option 1	_____	_____	_____	_____	<input type="checkbox"/>																								
(OR) Option 2	_____	_____	_____	_____	<input type="checkbox"/>																								
(OR) Option 3	_____	_____	_____	_____	<input type="checkbox"/>																								
<p><b>5. CATEGORY</b></p> <p><input type="checkbox"/> Retail Investor Bidder</p> <p><input type="checkbox"/> Non-Institutional Bidder</p> <p><input type="checkbox"/> QIB</p>																													
<p><b>7. PAYMENT DETAILS</b>    <input type="checkbox"/> PAYMENT OPTION - FULL PAYMENT    <input type="checkbox"/> PART PAYMENT</p> <p>Amount paid (₹ in figures) _____ (₹ in words) _____</p> <p>ASBA Bank A/c No. _____</p> <p>Bank Name &amp; Branch _____</p>																													
<p><small>I/WE (ON BEHALF OF APPLICANT(S)) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE APPLICABLE AMBIGUOUS PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES (GID) AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.</small></p>																													
<p><b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b></p> <p>Date: _____</p>	<p><b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S)</b> <small>(AS PER BANK RECORDS)</small></p> <p>I/We authorize the SCSB to do all acts as are necessary to make the Application in the line</p> <p>1) _____</p> <p>2) _____</p> <p>3) _____</p>	<p><b>BROKER / SCBS / DP / RTA STAMP</b> (Acknowledgement upload of Bid in Stock Exchange system)</p>																											
TEAR HERE																													
<p>LOGO</p> <p><b>XYZ LIMITED</b></p> <p><b>INITIAL PUBLIC ISSUE - R</b></p> <p>DIPID / CLID: _____</p> <p>Amount paid (₹ in figures) _____ ASBA Bank A/c No. _____</p> <p>Received from Mr./Ms. _____ Telephone / Mobile _____ Email _____</p>	<p><b>Acknowledgement Slip for Broker/SCSB/ DP/RTA</b></p> <p>PAN of Sole / First Bidder: _____</p> <p>Stamp &amp; Signature of SCBS Branch _____</p>	<p>Bid cum Application Form No. _____</p> <p>Name of Sole / First Bidder: _____</p>																											
TEAR HERE																													
<p><b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b></p> <p>No. of Equity Shares _____</p> <p>Bid Price _____</p> <p>Amount Paid (₹) _____</p> <p>ASBA Bank A/c No. _____</p> <p>Bank &amp; Branch _____</p>	<p>Stamp &amp; Signature of Broker / SCBS / DP / RTA _____</p> <p><b>Acknowledgement Slip for Bidder</b></p>	<p>Bid cum Application Form No. _____</p>																											



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<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>	For Eligible NRI, FI, FVCI, applying on Restriction Basis
LOGO	Address : _____ Contact Details: _____ CIN No _____	Bid cum Application Form No. _____
<b>FIXED PRICE GME ISSUE</b> <b>INE0000000000</b>		
<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b> / <b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b> <b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b> / <b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b> <b>BANK BRANCH SERIAL NO.</b> / <b>SCSB SERIAL NO.</b>		<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b> Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____
<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL <small>For NSDL enter 8 digit DP ID followed by 4 digit Client ID / For CDSL enter 16 digit Client ID</small>		<b>6. Investor Status</b> <input type="checkbox"/> Non-Resident Indian (Repatriation Basis)    NRI <input type="checkbox"/> Foreign Institutional Investor    FI <input type="checkbox"/> Foreign Venture Capital Investor    FVCI <input type="checkbox"/> FI Sub Account Corporate/Individual    FI SA <input type="checkbox"/> Others (Please Specify)    OTH
<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b> <b>5. CATEGORY</b>		
Bid Options	No. of Equity Shares Bid (In Figures) <small>(This must be in multiples of Bid Lot as advertised)</small>	Price per Equity Share (₹) "Cut-off" <small>(Price in multiples of ₹ 1/- only) (In Figures)</small>
		<input type="checkbox"/> Retail Investor Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB
Option 1		
OR) Option 2		
OR) Option 3		
<b>7. PAYMENT DETAILS</b> <b>PAYMENT OPTION : FULL PAY</b> Amount paid (₹ in figures) _____ (₹ in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____		
<small>I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABOVE PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES (GID) AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING OF THE BID CUM APPLICATION FORM GIVEN OVERLEAF.</small>		
<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b> _____ Date : _____	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S)</b> (AS PER BANK RECORDS) _____ <small>(We authorize the SCSB to do all acts as are necessary to make the Application on the bid)</small> 1) _____ 2) _____ 3) _____	<b>BROKER / SCSB / DP / RTA STAMP</b> (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

TEAR HERE

LOGO	<b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - NR</b>	Acknowledgement Slip for Broker/SCSB/DP/RTA	Bid cum Application Form No. _____
DPID / CKAD			PAN of Sole / First Bidder
Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch	
ASBA Bank A/c No.		<b>Acknowledgement Slip for Bidder</b>	
Received from Mr/Ms.			
Telephone / Mobile	Email		
<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>	Option 1    Option 2    Option 3 No. of Equity Shares Bid Price Amount Paid (₹) ASBA Bank A/c No. Bank & Branch	Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder
			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(including letters notifying the unblocking of the bank accounts of \Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer,
- b) The Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- c) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Bid cum Application Form/Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders All communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- d) **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

**“Any person who:**

- makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
  - makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
  - otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”
- e) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

#### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST APPLICANT

- a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories’ records.
- b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim (“PAN Exempted Applicants”). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. A Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- e) Applications by Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant



to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

#### 4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS

- a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**
- b) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants’ sole risk.

#### 4.1.4 FIELD NUMBER 4: APPLICATION DETAILS

- a) The Issuer may mention Price in the Draft Prospectus. However a Prospectus registered with RoC contains one price.
- b) Minimum and Maximum Application Size
  - i. For Retails Individual Applicants  
The Application must be for a minimum of [•] equity shares. As the application price payable by the retail individual applicants cannot exceed Rs. 200000 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 Rs. 200000 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 of Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 200000 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 prescribed law or regulation or as specified in this Draft Prospectus.
- c) **Multiple Applications:** An applicant should submit only one Application Form. Submission of a second Application Form to either the same or to the Designated Intermediaries 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 PFI 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 PFI 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:

- iv. Application by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
- v. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Application clearly indicates the scheme for which the application has been made.
- vi. Application 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 RIIs, 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 as 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, FIIs, FPIs and FVCIs may not be allowed to Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD NUMBER 7: PAYMENT DETAILS**

- a) All Applicants are required to use ASBA facility to block the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the funds shall be blocked for Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- b) All categories of investors can participate in the Issue only through ASBA mechanism.
- c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

##### **4.1.7.1 Payment instructions for Applicants**

- (a) Applicants may submit the Application Form either in physical mode or online mode to any Designated Intermediaries.
- (b) Applicants should specify the Bank Account number in the Application Form. The application form submitted by an applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Applicant 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) Applicant shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

- (e) From one ASBA Account, a maximum of five Application Forms can be submitted.
- (f) Applicants applying through a member of the Syndicate should ensure that the Application Form is submitted to a member of the Syndicate only at the Specified Locations. Applicants should also note that Application Forms submitted to the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).
- (g) Applicants applying through a Registered Broker, RTA or CDP should note that Application Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in Application Form, is maintained has not named at least one branch at that location for the Registered Brokers, RTA or CDP, as the case may be, to deposit Application Forms.
- (h) ASBA Applicant 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.
- (i) Upon receipt of 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.
- (j) 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 may upload the details on the Stock Exchange Platform.
- (k) 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.
- (l) 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.
- (m) 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.
- (n) SCSBs applying in the Issue must apply through an Account maintained with any other SCSB; else their Application is 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, if any, 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/ non allotment / partial allotment ASBA Application, if any, along with reasons for rejection and details of withdrawn or unsuccessful Application, if any, to enable the SCSBs to unblock the respective bank accounts.
- b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

In the event of withdrawal or rejection of the Application Form and for unsuccessful Application, 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) RII, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, Applicants may refer to the Prospectus.
- c) For the Applicants entitled to the applicable Discount in the Issue the Application Amount less Discount (if applicable) shall be blocked.

#### **4.1.8.2 Additional 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 Application by NRIs applying on a repatriation basis, blocking of funds in their NRO account shall not be accepted.

#### **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 authorization/undertaking box in the Application Form, or an authorization 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 the Designated Intermediary, 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 or Registered Brokers or Registered RTA/DP, the Applicants should contact the relevant Designated Branch of the SCSB or Registered Brokers or Registered RTA/DP, as the case maybe.
  - 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 Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
  - ii. name and address of the Designated Intermediary, where the Application was submitted; or
  - iii. 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.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISIONFORM**

- a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application upwards) who has registered his or her interest in the Equity Shares at a particular number of shares is free to revise number of shares applied using revision forms available separately.
- b) RII may revise their applications till closure of the issue period or withdraw their applications until finalization of allotment.
- c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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 same Designated Intermediary through

which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>		<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRI APPLYING ON A NON-REPATRIATION BASIS</b>								
Address : _____		Contact Details : _____		CIN No. _____								
<b>LOGO</b>	<b>TO, THE BOARD OF DIRECTORS XYZ LIMITED</b>	<b>BOOK BUILT ISSUE</b>	<b>Bid cum Application Form No.</b> _____									
ISIN : _____												
<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>		<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>		<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>								
				Mr./Ms. _____								
				Address _____								
				Tel. No (with STD code) / Mobile _____								
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>		<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>		<b>2. PAN OF SOLE / FIRST BIDDER</b>								
				_____								
<b>BANK BRANCH SERIAL NO.</b>		<b>SCSB SERIAL NO.</b>		<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b>								
				NDSL <input type="checkbox"/> CDSL <input type="checkbox"/>								
Tie NDSL since 8 April 2012 followed by 8 April 2014 till 31st March 2015 since 10 April 2015 till												
<b>PLEASE CHANGE MY BID</b>												
<b>4 FROM (AS PER LAST BID OR REVISION)</b>												
<b>Bid Options:</b>	<b>No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)</b>		<b>Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</b>									
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)
Option 1												<input type="checkbox"/>
(OR) Option 2												<input type="checkbox"/>
(OR) Option 3												<input type="checkbox"/>
<b>5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")</b>												
<b>Bid Options:</b>	<b>No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)</b>		<b>Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</b>									
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)
Option 1												<input type="checkbox"/>
(OR) Option 2												<input type="checkbox"/>
(OR) Option 3												<input type="checkbox"/>
<b>6. PAYMENT DETAILS</b>												
<b>PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/></b>												
Additional Amount Paid (₹ in figures) _____ (₹ in words) _____												
ASBA Bank A/c No. _____												
Bank Name & Branch _____												
I, THE UNDERSIGNED, JOINT AND SEVERAL, AS APPLICANT(S) HEREBY READ AND CONFIRM THE TERMS AND CONDITIONS OF THE ABOVE MENTIONED REVISION FORM AND THE RELEVANT STOCK EXCHANGE REGULATIONS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES (GID) AND HEREBY AGREE AND CONFIRM THE SHARES UNDERLYING AS GIVEN OVERLEAF, IN FULL, ON BEHALF OF JOINT APPLICANTS, IF ANY. REGISTERS CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING UP THE REVISION FORM GIVEN OVERLEAF.												
<b>7A. SIGNATURE OF SOLE / FIRST BIDDER</b>		<b>7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b>		<b>BROKER / SCSB / DP / RTA STAMP (As per the latest updated of Bid in Stock Exchange system)</b>								
_____		1) _____ 2) _____ 3) _____		_____								
TEAR HERE												
<b>LOGO</b>	<b>XYZ LIMITED</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>		<b>Bid cum Application Form No.</b> _____								
<b>BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>		<b>PAN of Sole / First Bidder</b> _____										
DP/ID (CID) _____		Additional Amount Paid (₹) _____		Bank & Branch _____								
ASBA Bank A/c No. _____		Stamp & Signature of SCSB Branch _____		Received from Mr./Ms. _____								
Telephone / Mobile _____		Email _____		TEAR HERE								
<b>XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>		<b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b>		<b>Name of Sole / First Bidder</b> _____								
No. of Equity Shares _____		_____		<b>Acknowledgement Slip for Bidder</b>								
Bid Price _____		_____		<b>Bid cum Application Form No.</b> _____								
Additional Amount Paid (₹) _____		_____		_____								
ASBA Bank A/c No. _____		_____		_____								
Bank & Branch _____		_____		_____								

**4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT, PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

**4.2.2 FIELD 4 & 5: APPLICATION OPTIONS REVISION 'FROM' AND 'TO'**

- a) Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of the share applied for given in his or her Application Form or earlier Revision Form.
- b) In case of revision of Applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the Application Amount, should not exceed Rs.2,00,000/- due to revision and the application may be considered, subject to the eligibility, for allocation under the Non-Institutional Category.

**4.2.3 FIELD 6: PAYMENT DETAILS**

- a) Applicants are required to make payment of the full application along with the Revision Form.
- b) Applicant may Issue instructions to block the revised amount in the ASBA Account, to the Designated Branch through whom such Applicant had placed the original Application to enable the relevant SCSB to block the additional Application Amount, if any.

**4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.



### 4.3 SUBMISSION OF REVISION FORM/APPLICATION FORM

Applicants may submit completed application form / Revision Form in the following manner:-

Mode of Application	Submission of Application Form
All Investor Applications	To the Designated Intermediaries

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode respectively

## SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE

### 5.1 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 Designated Intermediary.

Applicants may submit an Application Form either in physical/ electronic form to Designated Intermediaries or the Designated Branches of the SCSBs authorizing 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.

### 5.2 GROUNDS FOR TECHNICAL REJECTIONS

Applicants are advised to note that the 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, Application for Equity Shares made in the name 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 person.
- PAN not mentioned in the Application Form.
- GIR number furnished instead of PAN.
- Applications for lower number of Equity Shares than the minimum 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 as such, based on common PAN;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicants within the time prescribed as per the Application Form, Issue Opening Date advertisement and Prospectus as per the instructions in the Prospectus and Application Forms;
- In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US person other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
- Application not duly signed by the sole applicant;
- Application by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Application 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;
- Application by person not eligible to acquire equity shares of the company in terms of all applicable laws, rules, regulations, guidelines, and approvals.

- Application or revision thereof by QIB Applicants , Non Institutional Applicants where the Application Amount is in excess of Rs. 200000 received after 3.00 pm on the issue Closing date unless the extended time is permitted by NSE.
- Inadequate funds in the bank account to block the Application Amount specified in the Application Form/Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchanges; and
- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form.
- 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 GID.

**APPLICANT SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGE BY THE BROKERS DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

This being the 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 NSE EMERGE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- 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;
  - ii. The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
- 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 lower 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 for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of [●] 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 the SEBI (ICDR) Regulations, 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.
  - ii. Remaining to Individual applicants other than retail individual investors and Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
  - iii. The unsubscribed portion in either of the categories specified in (a) or (b) above may be available for allocation to the applicants in the other category, if so required.





'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with SME Platform of NSE- Emerge.

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, 2009.

As per the RBI regulations, OCBs are not permitted to participate in the Issue. There is no reservation for Non Residents, NRIs, FPIs and foreign venture capital funds and all Non Residents, NRI, FPI and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

## 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 5 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 5 Working Days of the Issue Closing 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 6 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 6 Working Days of the Issue Closing Date.

### 8.2 GROUNDS FOR UNBLOCKING OF FUNDS

#### 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 finalized.

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 initiate action to unblock the application amount from the Investors accounts.

If such money is not repaid within the 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 Companies Act, and 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 Companies Act, 2013 if the "stated minimum amount" has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of 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 offer through the Offer Document including devolvement of underwriters, if any, within sixty (60) days from the date of closure



of the issue, our company shall forthwith unblocked the entire application amount received. If there is a delay beyond eighty 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 SEBI Regulations, the Companies Act, 2013.

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50 no allotment will be made pursuant to this Issue and the amounts in the ASBA Account shall be unblocked within 6 working days of closure of the issue.

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 Rs.100000/- (Rupees One Lakh) 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 offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance without the applicable laws of such jurisdiction.

### 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 unblocked forthwith.

### 8.3 Mode of Unblocking of Funds

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 for Applicants

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

The Issuer may pay interest at the rate of 15% per annum if demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 6 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 working days from the Issue Closing Date, if Allotment is not made.

## **SECTION 9: GLOSSARY AND ABBREVIATIONS**

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

<b>Term</b>	<b>Description</b>
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	An Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Application	An indication to make an offer during the Issue Period by a prospective pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price including all revisions and modifications thereto.
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Applicants to make a Application authorizing an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Application	An Application made by an ASBA Applicant
Applicant	Prospective Applicants in the Issue who apply through ASBA
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue



<b>Term</b>	<b>Description</b>
Bid	An indication to make an offer during the Issue Period by a prospective Applicant pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto.
Issue Closing Date	The date after which the SCSBs may not accept any application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Opening Date
Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants (other than Anchor Investors) can submit their Application, inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Application Amount	The value indicated in the Application Form and payable by the Applicant upon submission of the Application (except for Anchor Investors), less discounts (if Applicable).
Application Form	The form in terms of which the Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Draft Prospectus, whether applying through the ASBA or otherwise.
Applicant	Any prospective investor (including an ASBA Applicant) who makes a Application pursuant to the terms of the Prospectus and the Application Form. In case of issues undertaken through the fixed price process, all references to a Applicant should be construed to mean an Applicant
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue
Bid	An indication to make an offer during the Issue Period by a prospective Applicant pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto.
Issue Closing Date	The date after which the SCSBs may not accept any application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Opening Date
Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants (other than Anchor Investors) can submit their Application, inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Application Amount	The value indicated in the Application Form and payable by the Applicant upon submission of the Application (except for Anchor Investors), less discounts (if applicable).
Application Form	The form in terms of which the Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Draft Prospectus, whether applying through the ASBA or otherwise.

Term	Description
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009,
Broker Centres	Broker centres notified by the Stock Exchanges, where Applicants can submit the Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
Lead Manager/ LM	The Lead Manager to the Issue as disclosed in the Prospectus and the Application Form of the Issuer.
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Applicants including the Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Application Forms used by the ASBA Applicants applying through the ASBA and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> .
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.nseindia.com">www.nseindia.com</a>
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.nseindia.com">www.nseindia.com</a>
Designated Date	The date on or after which funds are transferred by the SCSBs to the Public Issue Account of the Issuer.
Designated Stock Exchange	The designated stock exchange as disclosed in the Draft Prospectus of the Issuer
Designated Intermediaries /Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Discount	Discount to the Issue Price that may be provided to Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	This Draft Prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Applicant may refer to the Prospectus
Equity Shares	Equity shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
First Applicant	The Applicant whose name appears first in the Application Form or Revision Form



Term	Description
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Application Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Application Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Applied for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the Prospectus and the Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs and FVCIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalize the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 32 of the Companies Act, 2013 read with section 26 of Companies Act 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date





<b>Term</b>	<b>Description</b>
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTA	Registrar to the Issue and Share Transfer Agent
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the Prospectus and Application Form
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than Rs. 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than Rs. 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Applicant in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Issue (excluding Application from ASBA Applicants)
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the Prospectus
Underwriters	The Lead Manager(s)
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 Issue Period, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.



## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), issued the Consolidated FDI Policy, which with effect from May 12, 2015, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on May 12, 2015. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

As per the existing policy of the GoI, OCBs cannot participate in the Issue.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.**

Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Prospectus as "U.S. QIBs" pursuant to the private placement exemption set out in Section 4(a)(2) of the Securities Act; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Prospectus as "QIBs"), in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. 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. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.



**SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company are detailed below:

ARTICLE NO.	INTERPRETATION	HEADING
1.	In these Articles unless there be something in the subject matter or context inconsistent therewith:	
	i. <b>“The Act”</b> means the Companies Act, 2013 and the applicable provisions of the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.	<b>The Act</b>
	ii. <b>“Articles”</b> means Articles of Association of the Company as originally framed or altered from time to time	<b>Articles</b>
	iii. <b>“Beneficial Owner”</b> shall have the meaning assigned thereto by Section 2(1) (a) of the Depositories Act, 1996.	<b>Beneficial Owner</b>
	iv. <b>“Board or Board of Director”</b> means the Collective body of the Board of Directors of the Company.	<b>Board or Board of Directors</b>
	v. <b>“Chairman”</b> means the Chairman of the Board of the Directors of the Company.	<b>Chairman</b>
	vi. <b>“The Company”</b> means Laxmi Cotspin Limited	<b>The Company</b>
	vii. <b>“Depositories Act, 1996”</b> shall mean Depositories Act, 1996 and include any Statutory modification or re-enactment thereof for the time being in force.	<b>Depositories Act, 1996</b>
	viii. <b>“Depository”</b> shall have the meaning assigned thereto by Section 2 (1) (e) of the Depositories Act, 1996.	<b>Depository</b>
	ix. <b>“Directors”</b> means the Directors appointed to the board for the time being of the Company.	<b>Directors</b>
	x. <b>“Dividend”</b> includes any interim dividend	<b>Dividend</b>
	xi. <b>“Document”</b> means a document as defined in Section 2 (36) of the Companies Act, 2013.	<b>Document</b>
	xii. <b>“Equity Share Capital”</b> , with reference to any Company limited by shares, means all share capital which is not preference share capital	<b>Equity Share Capital</b>
	xiii. <b>“KMP”</b> means Key Managerial Personnel of the Company provided as per the relevant sections of the Act.	<b>KMP</b>
	xiv. <b>“Managing Director”</b> 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.	<b>Managing Director</b>
	xv. <b>“Month”</b> means Calendar month	<b>Month</b>
	xvi. <b>“Office”</b> means the registered office for the time being of the Company.	<b>Office</b>
	xvii. <b>“Paid-up share capital”</b> 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	<b>Paid-up share Capital</b>
	xviii. <b>“Postal Ballot”</b> means voting by post or through any electronic mode	<b>Postal Ballot</b>
	xix. <b>“Proxy”</b> includes attorney duly constituted under the power of attorney to vote for a member at a General Meeting of the Company on poll.	<b>Proxy</b>
	xx. <b>“Public Holiday”</b> 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.	<b>Public Holiday</b>

	xxi. “ <b>Registrar</b> ” means the Registrar of Companies of the state in which the Registered Office of the Company is for the time being situated and includes an Additional Registrar a Joint Registrar, a Deputy Registrar or an Assistant Registrar having the duty of registering companies and discharging various functions under this Act.	<b>Registrar</b>
	xxii. “ <b>Rules</b> ” means the applicable rules as prescribed under the relevant sections of the Act for time being in force	<b>Rules</b>
	xxiii. “ <b>SEBI</b> ” means Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.	<b>SEBI</b>
	xxiv. “ <b>Securities</b> ” means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956)	<b>Securities</b>
	xxv. “ <b>Share</b> ” means share in the Share Capital of the Company and includes stock except where a distinction between stock and share is expressed or implied.	<b>Share</b>
	xxvi. “ <b>Seal</b> ” means the common seal of the Company.	<b>Seal</b>
	xxvii. “ <b>Preference Share Capital</b> ”, 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— (a) 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 (b) 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;	<b>Preference Share Capital</b>
	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.	
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.	<b>Share Capital</b>
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.	
4.	Subject to provisions of Section 54 of the Act read with Companies (Share Capital and Debentures) Rules, 2014, and any other applicable provisions of the Act or any law for the time being in force, the Company may issue Sweat Equity Shares on such terms and in such manner as the Board may determine.	<b>Issue of Sweat Equity Shares</b>

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.	<b>Issue of Debentures</b>
6.	<p>i. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for registration of transfer of transmission or within such other period as the conditions of issue shall be provided,—</p> <p>a. one certificate for all his shares without payment of any charges; or</p> <p>b. several certificates, each for one or more of his shares, upon payment of Rupees twenty for each certificate after the first</p> <p>ii. The Company agrees to issue certificate within fifteen days of the date of lodgement of transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies or to issue within fifteen days of such lodgement 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;</p> <p>iii. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.</p> <p>iv. 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.</p>	<b>Issue of Share Certificates</b>
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 recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.	<b>Issue of Share Certificates</b>
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.	

10.	<ul style="list-style-type: none"> <li>i. The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.</li> <li>ii. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.</li> <li>iii. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.</li> </ul>	<b>Power to pay Commission in connection with the Securities issued</b>
11.	<ul style="list-style-type: none"> <li>i. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.</li> <li>ii. 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.</li> </ul>	<b>Variations of Shareholder's rights</b>
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.	
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	<b>Issue of Preference Shares</b>
14.	<p>(1) 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:</p> <ul style="list-style-type: none"> <li>(a) 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.</li> <li>(b) 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.</li> <li>(c) 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.</li> </ul> <p>(2) 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.</p> <p>(3) Nothing in this Article shall apply to the increase of the subscribed</p>	<b>Further Issue of shares</b>

	<p>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:</p> <p>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.</p>	
15.	<p>i. The Company shall have a first and paramount lien—</p> <p>a. on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and or</p> <p>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 fixed time in respect of such shares; and</p> <p>b. on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:</p> <p>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.</p> <p>ii. 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.</p>	
16.	<p>The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:</p> <p>Provided that no sale shall be made—</p> <p>a. unless a sum in respect of which the lien exists is presently payable; or</p> <p>b. until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.</p>	<b>Lien</b>
17.	<p>i. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.</p> <p>ii. The purchaser shall be registered as the holder of the shares comprised in any such transfer.</p> <p>iii. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.</p>	
18.	<p>i. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.</p> <p>ii. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.</p>	
19.	<p>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:-</p>	<b>Joint Holdings</b>

	<p>a) The Company shall at its discretion, be entitled to decline to register more than three persons as the joint-holders of any share.</p> <p>b) 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.</p> <p>c) 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.</p> <p>d) Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share.</p> <p>e) 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.</p> <p>f)</p> <p>(i) 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.</p> <p>(ii) 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.</p> <p>g) 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.</p>	
20.	<p>i. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:</p> <p>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.</p> <p>ii. Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.</p> <p>iii. A call may be revoked or postponed at the discretion of the Board.</p>	<b>Calls on shares</b>
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 instalments.	
22.	The joint holders of a share shall be jointly and severally liable to pay all	



	calls in respect thereof.	
23.	<ul style="list-style-type: none"> <li>i. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.</li> <li>ii. The Board shall be at liberty to waive payment of any such interest wholly or in part.</li> </ul>	
24.	<ul style="list-style-type: none"> <li>i. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.</li> <li>ii. In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture</li> <li>iii. or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.</li> </ul>	
25.	<p>The Board—</p> <ul style="list-style-type: none"> <li>i. 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</li> <li>ii. 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.</li> </ul>	
26.	<p>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.</p> <p>Provided however that any amount paid to the extent called – up, shall be entitled to proportionate dividend and voting right.</p>	
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.	
29.	<ul style="list-style-type: none"> <li>i. The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.</li> <li>ii. Each share in the Company shall be distinguished by its appropriate number.</li> <li>iii. 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.</li> </ul>	<b>Transfer of shares</b>
30.	<ul style="list-style-type: none"> <li>i. The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.</li> <li>ii. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.</li> </ul>	

31.	<p>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-</p> <ul style="list-style-type: none"> <li>i. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or</li> <li>ii. any transfer of shares on which the Company has a lien.</li> <li>iii. 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.</li> <li>iv. The common form of transfer shall be used by the Company.</li> </ul>	
32.	<p>The Board shall decline to recognise any instrument of transfer unless—</p> <ul style="list-style-type: none"> <li>i. the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;</li> <li>ii. 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.</li> </ul> <p>Provided that, transfer of shares in whatever lot shall not be refused.</p> <ul style="list-style-type: none"> <li>iii. 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),</li> <li>iv. 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;</li> <li>v. 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.</li> </ul>	
33.	<p>The Company agrees that in respect of transfer of shares where the Company has not effected 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.</p>	
34.	<p>On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine.</p> <p>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.</p>	
35.	<p>The provisions of these Articles relating to transfer of Shares shall mutatis mutandis apply to any other securities including debentures of the company.</p>	

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.	<b>Register of Transfers</b>
37.	<p>i. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.</p> <p style="padding-left: 40px;">a. The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.</p> <p style="padding-left: 40px;">b. Option for Investors:</p> <p>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.</p> <p>If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security</p> <p style="padding-left: 40px;">c. Securities in Depository to be in fungible form:-</p> <ul style="list-style-type: none"> <li>o All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.</li> <li>o Nothing contained in Sections 88, 89, 112 &amp; 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.</li> </ul> <p style="padding-left: 40px;">d. Rights of Depositories &amp; 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.</p> <p style="padding-left: 40px;">e. 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.</p> <p style="padding-left: 40px;">f. 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.</p> <p>ii. 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.</p> <p>iii. Nothing contained in Section 56 of the Companies Act, 2013 shall apply to a transfer of Securities effected by a transferor and transferee</p>	<b>Dematerialisation of Securities</b>

	<p>both of whom are entered as beneficial owners in the records of a depository.</p> <p>iv. 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.</p> <p>v. 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.</p> <p>vi. 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 dematerialised forms in any media as may be permitted by law including in any form of electronic media.</p> <p>vii. 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.</p>	
38.	<p>i. On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.</p> <p>ii. Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>	
39.	<p>i. Any person becoming entitled to a share, in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—</p> <p>a. to be registered himself as holder of the share; or</p> <p>b. to make such transfer of the share as the deceased or insolvent member could have made.</p> <p>ii. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.</p>	<b>Transmission of shares</b>
40.	<p>i. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.</p> <p>ii. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.</p> <p>iii. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.</p>	
41.	<p>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</p>	

	<p>membership in relation to meetings of the Company:</p> <p>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.</p>	
42.	<p>The provisions of these Articles relating to transmission of shares shall mutatis mutandis apply to any other securities including debentures of the Company.</p> <p>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.</p>	
43.	<p>If a member fails to pay any call, or instalment 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 instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.</p>	<p><b>Forfeiture of shares</b></p>
44.	<p>The notice aforesaid shall—</p> <ol style="list-style-type: none"> <li>i. 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</li> <li>ii. 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.</li> </ol>	
45.	<p>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.</p>	
46.	<ol style="list-style-type: none"> <li>i. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.</li> <li>ii. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.</li> </ol>	
47.	<ol style="list-style-type: none"> <li>i. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.</li> <li>ii. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.</li> </ol>	
48.	<ol style="list-style-type: none"> <li>i. A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;</li> <li>ii. 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 favour of the person to whom the share is sold or disposed off;</li> <li>iii. The transferee shall thereupon be registered as the holder of the share; and</li> <li>iv. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.</li> </ol>	

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 them 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.	
55.	Neither a judgment in favour 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.	<b>Initial payment not to preclude forfeiture</b>
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,— i. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; ii. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; iii. sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; iv. 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.	<b>Alteration of capital</b>
58.	Where shares are converted into stock,— i. the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.	<b>Conversion of Shares into Stock</b>



	<p>ii. 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.</p> <p>iii. 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.</p>	
59.	<p>The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—</p> <p>i. its share capital;</p> <p>ii. any capital redemption reserve account; or</p> <p>iii. Any share premium account.</p>	<b>Reduction of Capital</b>
60.	<p>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.</p> <p>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.</p> <p>Not more than one person shall be recognized as depositor of the share warrant.</p> <p>The Company shall, on two days written notice, return the deposited share warrants to the depositor.</p> <p>Subject herein otherwise expressly provided, no person shall, as bearer of a 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.</p> <p>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.</p> <p>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.</p>	<b>Share Warrants</b>
61.	<p>i. The Company in general meeting may, upon the recommendation of the Board, resolve—</p> <p>a. that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s reserve</p>	<b>Capitalisation of profits</b>

	<p>accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and</p> <p>b. that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>ii. 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—</p> <p>a. paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>b. 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;</p> <p>c. partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);</p> <p>d. A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;</p> <p>e. The Board shall give effect to the resolution passed by the Company in pursuance of this -regulation.</p>	
62.	<p>i. Whenever such a resolution as aforesaid shall have been passed, the Board shall—</p> <p>a. make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and</p> <p>b. generally to do all acts and things required to give effect thereto.</p> <p>ii. The Board shall have power—</p> <p>a. to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable infractions; and</p> <p>b. to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;</p> <p>iii. Any agreement made under such authority shall be effective and binding on such members.</p> <p>iv. Capital paid-up in advance of calls shall not confer a right to dividend or to participate in profits.</p>	
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.	<b>Buy-back of shares</b>
64.	All General Meetings other than annual general meeting shall be called extra-ordinary general meetings.	<b>General Meeting</b>

65.	<ul style="list-style-type: none"> <li>i. The Board may, whenever it thinks fit, call an extraordinary general meeting.</li> <li>ii. 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.</li> <li>iii. 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.</li> </ul>	
66.	<ul style="list-style-type: none"> <li>i. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.</li> <li>ii. <ul style="list-style-type: none"> <li>i. 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.</li> <li>ii. In any other case, the quorum shall be decided as under: <ul style="list-style-type: none"> <li>a) 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;</li> <li>b) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand;</li> </ul> </li> </ul> </li> </ul>	
67.	The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.	<b>Proceedings at general meetings</b>
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.	
72.	<ul style="list-style-type: none"> <li>i. 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</li> </ul>	<b>Demand for poll</b>

	<p>of not less than five Lac rupees has been paid up.</p> <p>ii. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.</p>	
73.	<p>i. A poll demanded on a question of adjournment shall be taken forthwith.</p> <p>ii. 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.</p>	<b>Time of taking poll</b>
74.	<p>i. The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>ii. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>iii. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>iv. Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>	<b>Adjournment of meeting</b>
75.	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares,—</p> <p>i. on a show of hands, every member present in person shall have one vote; and</p> <p>ii. 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.</p>	
76.	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.	
77.	<p>i. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.</p> <p>ii. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>	<b>Voting rights</b>
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.	<p>i. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.</p> <p>ii. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive</p>	

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.	<b>Casting Vote</b>
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.	<b>Representation of Body Corporate</b>
86.	The Company shall comply with provisions of Section 111 of the Companies Act, 2013, relating to circulation of member's resolution.	<b>Circulation of member's resolution</b>
87.	The Company shall comply with provisions of Section 115 of the Act relating to resolution requiring special notice.	<b>Resolution requiring special notice</b>
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.	<b>Resolutions passed at adjourned meeting</b>
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.	<b>Registration of resolutions and agreements</b>
90.	<p>i. 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.</p> <p>ii. 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 :</p> <p>A. 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.</p> <p>B. 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.</p> <p>C. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p> <p>D. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.</p> <p>E. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.</p> <p>F. In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:</p> <p>a. the names of the Directors present at the meetings,</p>	<b>Minutes of proceedings of general meeting and of Board and other meetings</b>

	<p>and</p> <p>b. 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.</p> <p>iii. 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:</p> <p>a. is or could reasonably be regarded, as defamatory of any person</p> <p>b. is irrelevant or immaterial to the proceedings; or</p> <p>c. in detrimental to the interests of the Company.</p> <p>iv. 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.</p>	
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.	<b>Minutes to be considered to be evidence</b>
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.	<b>Publication of reports of proceeding of general meetings</b>
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.	<b>Proxy</b>
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.	
96..	The first directors of the Company shall be: 1. Mr. Shivratn Mundada 2. Mr. Sanjay Rathi	<b>Board of Directors</b>
97.	The Directors need not hold any "Qualification Share(s)".	



<p>98.</p>	<p>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.</p> <p>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.</p> <ol style="list-style-type: none"> <li>i. The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.</li> <li>ii. In addition to the remuneration payable to them in pursuance of the Act, the directors -may be paid all travelling, hotel and other expenses properly incurred by them— <ol style="list-style-type: none"> <li>a. in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or</li> <li>b. in connection with the business of the company</li> </ol> </li> </ol>	
<p>99.</p>	<p>The Board may pay all expenses incurred in getting up and registering the company.</p>	
<p>100.</p>	<p>The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.</p>	
<p>101.</p>	<p>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.</p>	
<p>102.</p>	<p>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.</p>	
<p>103.</p>	<ol style="list-style-type: none"> <li>i. Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.</li> <li>ii. Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.</li> </ol>	
<p>104.</p>	<p>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</p>	<p><b>Retirement and Rotation of Directors</b></p>



	and these Articles be appointed by the Company in General Meeting.	
105.	The remaining Directors shall be appointed in accordance with the provisions of the Act.	
106.	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.	
107.	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.	
108.	Subject to the provisions of the Act and these Articles, the retiring Director shall be eligible for reappointment.	
109.	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.	
110.	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 wholetime or non-wholetime (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.	<b>Nominee Director</b>
111.	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.	
112.	The Nominee Directors so appointed shall hold the said office 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.	
113.	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	

	<p>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.</p> <p>Provided that if any such Nominee Directors is an Officer of the Financial Institution, the sitting fees in relation to such Nominee Directors shall also accrue to the Financial Institution as the case may be and the same shall accordingly be paid by the Company directly to the Corporation.</p>	
114.	<p>Provided also that in the event of the Nominee Directors being appointed as Wholetime 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.</p>	
115.	<p>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.</p>	<p><b>Removal of Directors</b></p>
116.	<p>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.</p>	
117.	<p>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.</p>	
118.	<p>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-,</p> <ul style="list-style-type: none"> <li>(a) in any notice of the resolution given to members of the Company state the fact of the representations having been made, and</li> <li>(b) 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:</li> </ul> <p>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.</p>	
119.	<p>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.</p>	

120.	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.	
121.	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.	
122.	Nothing in this section shall be taken- a) 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 b) as derogating from any power to remove a director under other provisions of this Act.	
123.	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. a. 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 b. In connection with the business of the Company.	<b>Remuneration and sitting fees to Directors including Managing and whole time Directors</b>
124.	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.	
125.	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	<b>Powers and duties of Directors:</b>  <b>Certain powers to be exercised by the Board only at meeting.</b>

	<p>k. Powers to make political contributions;</p> <p>l. Powers to appoint or remove key managerial personnel (KMP);</p> <p>m. Powers to take note of appointment(s) or removal(s) of one level below the Key Management Personnel;</p> <p>n. Powers to appoint internal auditors and secretarial auditor;</p> <p>o. Powers to take note of the disclosure of director's interest and shareholding;</p> <p>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;</p> <p>q. Powers to invite or accept or renew public deposits and related matters;</p> <p>r. Powers to review or change the terms and conditions of public deposit;</p> <p>s. Powers to approve quarterly, half yearly and annual financial statements or financial results as the case may be.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	
<p>126.</p>	<p>i. The Board of Directors of the Company shall not except with the consent of the Company in general meeting :</p> <p>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;</p> <p>b) remit, or give time for the repayment of any debt, due by a Director;</p> <p>c) invest, otherwise than in trust securities, the amount of compensation received by it as a result of any merger or amalgamation;</p> <p>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</p>	<p><b>Restriction on powers of Board</b></p>

	<p>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</p> <p>e) contribute to <i>bona fide</i> 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.</p> <p>ii. Nothing contained in sub-clause (a) above shall affect:</p> <p>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</p> <p>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.</p> <p>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.</p> <p>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.</p>	
127.	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.	
128.	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 statute 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.	<p><b>General powers of the Company vested in Directors</b></p>
129.	<p>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:</p> <p>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;</p>	<p><b>Specific powers given to Directors</b></p>



	<ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>ix. To secure the fulfilment 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;</li> </ul>	
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	<p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>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.</p> <p>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.</p> <p>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;</p> <p>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</p>	
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	<p>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;</p> <p>xviii. To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.</p> <p>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.</p> <p>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.</p> <p>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;</p>	
130.	<p>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</p>	<p><b>MANAGING DIRECTORS</b></p> <p><b>Power to appoint Managing or Whole-time Directors</b></p>

	<p>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.</p> <p>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.</p> <p>c) Subject to the provisions of Sections 197 &amp; 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.</p>	
131.	<p>a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.</p> <p>b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p>	<b>Proceedings of the Board</b>
132.	The quorum for meetings of Board/Committees shall be as provided in the Act or under the rules.	
133.	<p>a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.</p> <p>b) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.</p>	
134.	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.	
135.	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.	
136.	<p>a) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.</p> <p>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 directors present may choose one of their number to be Chairperson of the meeting.</p>	
137.	<p>a) 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.</p> <p>b) 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.</p>	<b>Delegation of Powers of Board to Committee</b>
138.	<p>a) A committee may elect a Chairperson of its meetings.</p> <p>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.</p>	
139.	<p>a) A committee may meet and adjourn as it thinks fit.</p> <p>b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.</p>	

140.	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.	
141.	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	
142.	Subject to the provisions of the Act,—  a) A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;  b) A director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.	<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>
143.	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 .	
144.	a) The Board shall provide for the safe custody of the seal. b) 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.	<b>The Seal</b>
145.	The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.	
146.	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.	
147.	a) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for 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. b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.	<b>Dividends and Reserve</b>
148.	a) 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	

	<p>declared and paid according to the amounts of the shares.</p> <p>b) 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.</p> <p>c) 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.</p>	
149.	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.	
150.	<p>a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>	
151.	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.	
152.	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.	
153.	<p>No dividend shall bear interest against the Company.</p> <p>Provided however that no amount outstanding as unclaimed dividends shall be forfeited unless the claim becomes barred by law and that such forfeiture, when effected, will be annulled in appropriate cases;</p>	
154.	<p>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.</p> <p>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.</p>	
155.	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.	
156.	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.	
157..	<p>a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.</p> <p>b) No member (not being a director) shall have any right of inspecting</p>	<b>Accounts</b>



	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.	
158.	<p>Minutes Books of General Meetings</p> <p>a) The books containing the minutes of the proceedings of any general meeting of the Company shall;</p> <p>i. be kept at the registered office of the Company, and</p> <p>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.</p> <p>Provided however that any person willing to inspect the minutes books of General Meetings shall intimate to the Company his willingness atleast 15 days in advance.</p> <p>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.</p>	<b>Inspection of Statutory Documents of the Company</b>
159.	<p>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.</p> <p>b) The register of charges and instrument of charges, as per clause (i) above, shall be open for inspection during business hours—</p> <p>a. by any member or creditor without any payment of fees; or</p> <p>b. by any other person on payment of such fees as may be prescribed,</p> <p>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.</p>	<b>Register of charges</b>
160.	<p>a) 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.</p> <p>b) Appointment of Auditors shall be governed by provisions of Companies Act 2013 and rules made there under.</p> <p>c) 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.</p> <p>d) 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.</p>	<b>Audit</b>
161.	<p>Subject to the provisions of Chapter XX of the Act and rules made there under—</p> <p>i. If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether</p>	<b>Winding up</b>

	<p>they shall consist of property of the same kind or not.</p> <p>ii. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>iii. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or others securities whereon there is any liability.</p>	
162.	<p>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—</p>	<b>Indemnity</b>
163.	<p>a) 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.</p> <p>b) No member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading or business or any matter which is or may be in the nature of a trade secret, mystery of trade, secret or patented process or any other matter, which may relate to the conduct of the business of the Company and which in the opinion of the directors, it would be inexpedient in the interests of the Company to disclose.</p>	<b>Secrecy</b>

## 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 the Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder, may be inspected at our Registered Office at Gut No. 399, Samangaon- Kajla Road, in front of Meenatai Thakare Vridhashram, Samangaon, Jalna-431 203, Maharashtra, India, from 10.00 am to 5.00 pm on Working Days from Application/Issue Opening Date until the Application/Issue Closing Date.

#### A Material Contracts to the Offer

1. Memorandum of Understanding dated July 30, 2016 entered into among our Company, the Selling Shareholders and the Lead Manager.
2. Memorandum of Understanding dated July 30, 2016, entered into among our Company, the Selling Shareholders and the Registrar to the Offer.
3. Resolution dated July 22, 2016 passed by the board of directors of Sensex Tracom Private Limited (the Selling Shareholder) approving the Offer.
4. Resolution dated July 22, 2016 passed by the board of directors of Mangalmayee Stock Management Private Limited (the Selling Shareholder) approving the Offer.
5. Resolution dated July 20, 2016 passed by the board of directors of Mauli Financial Private Limited (the Selling Shareholder) approving the Offer.
6. Tripartite Agreement dated [●] entered into among our Company, NSDL and the Registrar to the Offer.
7. Tripartite Agreement dated [●] entered into among our Company, CDSL and the Registrar to the Offer.
8. Banker to the offer Agreement dated [●] among our Company, the LM, Banker to the offer and the Registrar to the offer.
9. Market Making Agreement dated [●] between our Company, the Lead Manager and the Market Maker.
10. Underwriting Agreement dated [●] between our Company, the Lead Manager and the Market Maker.

#### B Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Certificate of incorporation dated October 19, 2005 issued by the Registrar of Companies, Maharashtra, Mumbai, a fresh certificate of incorporation dated October 12, 2007 issued by the Registrar of Companies, Maharashtra, Mumbai upon change of name of our Company and a fresh certificate of incorporation dated March 07, 2011 issued by the Registrar of Companies, Maharashtra, Mumbai pursuant to conversion of our Company to public limited company.
3. Resolution of the Board of Directors of our Company and Equity Shareholders of our Company dated June 20, 2016 and July 15, 2016, respectively, authorizing the Offer and other related matters.
4. Resolution of the Board of Directors of our Company dated August 30, 2016 approving the Draft Prospectus and amendments thereto.
5. Resolutions of the Shareholders of our Company dated December 20, 2015 appointing as the Managing Director of our Company.



6. Copies of the annual reports of our Company for the five (5) fiscals immediately preceding the date of this Draft Prospectus i.e. for the year ended March 31, 2016, 2015, 2014, 2013 and 2012.
7. Auditor's report for Restated Financials dated August 30, 2016 included in this Draft Prospectus.
8. Copy of Statement of tax benefits dated July 20, 2016 from the Statutory Auditor included in this Draft Prospectus.
9. Consents of the Auditor, August 30, 2016, to include its name as required under Section 26(1) (a)(v) of the Companies Act 2013 in this Draft Prospectus and as an expert, as defined under Section 2(38) of the Companies Act 2013, in relation to their audit report dated August 30, 2016 on our restated financial information and the statement of tax benefits in the form and context in which it appears in this Draft Prospectus.
10. Consents of Bankers to our Company, the lenders to the Company (where such consent is required), the Lead Manager, Registrar to the Issue, Legal counsel, Directors of our Company, Chief Financial Officer and Company Secretary and Compliance Officer, Market Makers and Underwriters as referred to act, in their respective capacities.
11. In-principle listing approval dated [●] from the NSE for listing the Equity Shares on the SME Platform of NSE and to include their name in the Draft Prospectus.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.



### DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Prospectus are true and correct.

#### SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

<b>Sanjay Rathi</b>  <i>Chairman and Managing Director</i>	<b>Shivratan Mundada</b>  <i>Non-Executive &amp; Non -Independent Director</i>
<b>Bhavesh Patel</b>  <i>Additional Executive Director</i>	<b>Rajesh Bansal</b>  <i>Non-Executive &amp; Non -Independent Director</i>

#### SIGNED BY CHIEF FINANCIAL OFFICER (CFO):

Date: August 30, 2016  
Place: Jalna, Maharashtra



## DECLARATION

Sensex Tracom Private Limited certifies that all statements and undertakings made by it in this Draft Prospectus about or in relation to itself and the Equity Shares offered by it in the Offer for Sale are true and correct. Sensex Tracom Private Limited assumes no responsibility for any other statements in this Draft Prospectus.

### **Signed by the Selling Shareholder**

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For Sensex Tracom Private Limited

Date: August 30, 2016

**Place: Jalna, Maharashtra**





## **DECLARATION**

Mauli Financial Services Private Limited certifies that all statements and undertakings made by it in this Draft Prospectus about or in relation to itself and the Equity Shares offered by it in the Offer for Sale are true and correct. Mauli Financial Services Private Limited assumes no responsibility for any other statements in this Draft Prospectus.

### **Signed by the Selling Shareholder**

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For Mauli Financial Services Private Limited

Date: August 30, 2016  
Place: Jalna, Maharashtra



### **DECLARATION**

Mangalmayees Stock Management Private Limited certifies that all statements and undertakings made by it in this Draft Prospectus about or in relation to itself and the Equity Shares offered by it in the Offer for Sale are true and correct. Mangalmayees Stock Management Private Limited assumes no responsibility for any other statements in this Draft Prospectus.

#### **Signed by the Selling Shareholder**

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For Mangalmayees Stock Management Private Limited

Date: August 30, 2016  
Place: Jalna, Maharashtra