



**SAHAJ FASHIONS LIMITED**

Our Company was incorporated as Sahaj Fashions Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated May 20, 2011 in Roc of Jaipur. Later, our company was converted into a Public Limited Company pursuant to Shareholders Resolution dated April 02, 2018 and the name of our Company was changed to "Sahaj Fashions Limited" vide fresh Certificate of Incorporation dated April 17, 2018 with CIN U17119RJ2011PLC035248 issued by the Registrar of Companies, Jaipur. For details of change in registered office of our Company please refer to chapter titled "Our History and Certain Other Corporate Matters" beginning on page 119.

CIN: U17119RJ2011PLC035248

**Registered Office:** Shree Bhawan, Ajmer Road, Madanganj Kishangarh, Rajasthan 305801, India

**Tel No.:** +91 1463 246782; **E-mail:** info@sahajfashions.com; **Website:** www.sahajfashions.com

**Contact Person: Mr. Rohit Toshniwal, Promoter & Chairman**

**PROMOTER OF OUR COMPANY: MR. ROHIT TOSHNIWAL, MR. NORAT MAL CHOUDHARY & MRS. PRABHA LAKHOTIA**

<b>THE ISSUE</b>
<p><b>PUBLIC ISSUE OF 26,70,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FULLY PAID UP OF SAHAJ FASHIONS LIMITED ("SAHAJ" OR "SFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. 42/- PER EQUITY SHARE (THE "ISSUE PRICE") (INCLUDING SHARE PREMIUM OF RS. 32/- PER EQUITY SHARE) AGGREGATING RS. 1121.40 LAKHS (THE "ISSUE") BY OUR COMPANY, OF WHICH 1,38,000 EQUITY SHARES OF FACE VALUE OF Rs. 10/- EACH FULLY PAID UP WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 25,32,000 EQUITY SHARES OF FACE VALUE OF Rs. 10/- EACH FULLY PAID UP IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.48% AND 25.11% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.</b></p>
<b>THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH. THE ISSUE PRICE IS RS. 42/-. THE ISSUE PRICE IS 4.2 TIMES THE FACE VALUE.</b>
<p><b>THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 (AS AMENDED). THIS ISSUE IS A FIXED PRICE ISSUE AND ALLOCATION IN THE NET ISSUE TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 43(4) OF THE SEBI (ICDR) REGULATIONS, 2009, AS AMENDED. FOR FURTHER DETAILS PLEASE REFER TO "SECTION VII - ISSUE INFORMATION" BEGINNING ON PAGE 215.</b></p>
<p>All potential investors shall participate in the Issue through Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on page 223.</p>
<b>RISK IN RELATION TO THE FIRST ISSUE</b>
<p>This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10/- and the Issue Price is 4.2 times of the face value. The Issue Price (as determined and justified by the Company and the Lead Manager as stated under chapter titled "Basis for Issue Price" beginning on page 76) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.</p>
<b>GENERAL RISKS</b>
<p>Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 19.</p>
<b>COMPANY'S ABSOLUTE RESPONSIBILITY</b>
<p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Issue, which is material in the context of this Issue; that the information contained in this 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.</p>
<b>LISTING</b>
<p>The Equity Shares offered through this Draft Prospectus are proposed to be listed on the NSE Emerge Platform. Our Company has received an in-principle approval letter dated [●] from NSE for using its name in this offer document for listing of our Equity Shares on the NSE Emerge Platform. For the purpose of this Issue, the Designated Stock Exchange will be the National Stock Exchange of India Limited ("NSE").</p>

<b>LEAD MANAGER TO THE ISSUE</b>	<b>REGISTRAR TO THE ISSUE</b>
<div style="display: flex; align-items: center;"> <div> <p><b>KHAMBATTA SECURITIES LIMITED</b> C-42, South Extension Part II, New Delhi-110049 <b>Tel:</b> 011-41645051 <b>Fax:</b> 011-41644896 <b>Email:</b> ipo@khambattasecurities.com <b>Investor Grievance Email:</b> mbcomplaints@khambattasecurities.com <b>Website:</b> www.khambattasecurities.com <b>Contact Person:</b> Mr. Vipin Aggarwal <b>SEBI Registration No.:</b> INM000011914</p> </div> </div>	<div style="display: flex; align-items: center;"> <div> <p><b>BIGSHARE SERVICES PRIVATE LIMITED</b> 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai- 400059 <b>Tel:</b> (022) 62638200 <b>Fax:</b> (022) 62638299 <b>Email:</b> ipo@bigshareonline.com <b>Website:</b> www.bigshareonline.com <b>Contact Person:</b> Mr. Vipin Gupta <b>SEBI Registration No:</b> INR000001385</p> </div> </div>
<b>ISSUE PROGRAMME</b>	<b>ISSUE CLOSURES</b>
<b>ISSUE OPENS ON: [●]</b>	<b>ISSUE CLOSES ON: [●]</b>



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The Equity Shares have not been and will not be registered under the U.S Securities Act of 1933, as amended (U.S. Securities Act) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, - U.S. Persons (as defined in Regulation S), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transaction in reliance on Regulation S under the U.S Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.



## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

In this Draft Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

#### Company Related Terms

Term	Description
Articles or Articles of Association or AOA	The articles of association of our Company, as amended from time to time.
Auditor or Statutory Auditor	The Auditor of the company being BNG & ASSOCIATES LLP Chartered Accountants, having their office at 3rd Floor, 307/309, Kolbadevi Road, Mumbai – 400 002, Maharashtra, India.
Banker to our Company	HDFC Bank Limited.
“Board” or “Board of Directors” or “our Board”	The Board of Directors of our Company, as duly constituted from time to time, or committee(s) thereof
Company Secretary and Compliance Officer	Ms. Nikita Daga
Director(s)	The Director(s) of our Company, unless otherwise specified
Equity Shares	Equity Shares of our Company of face value of Rs.10/-each
Equity Shareholders	Persons holding equity shares of our Company
Group Companies	Companies which are covered under the applicable accounting standards and other companies as considered material by our Board, and disclosed in the chapter titled “Our Group Entities” beginning on page 142.
Key Management Personnel	Key management personnel of our Company in terms of regulation 2(1)(s) of the SEBI Regulations and section 2(51) of the Companies Act, 2013 and as disclosed in the section titled “Our Management” on page 123.
Memorandum of Association or Memorandum or MOA	The Memorandum of Association of our Company, as amended from time to time.
“Promoters” or “our Promoters”	Promoters of our company being Mr. Rohit Toshniwal, Mr. Norat Mal Choudhary and Mrs. Prabha Lakhotia.
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(zb) of the SEBI (ICDR) Regulations and a list of which is provided in the chapter titled “Our Promoter and Promoter Group” beginning on 137.



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Registered Office & Corporate Office	The Registered Office of our Company located at Shree Bhawan, Ajmer Road, Madanganj Kishangarh, Rajasthan - 305801, India
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RoC	Registrar of Companies, Jaipur, Rajasthan, India
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“Sahaj Fashions Limited”, or “SAHAJ”, or “SFL” or “the Company”, or “our Company” or “we”, “us”, or “our” and the “Issuer Company”.	Sahaj Fashions Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and Companies Act, 2013.
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## Issue Related Terms

Term	Description
Allocation / Allocation of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Fresh Issue of Equity Shares to the successful Applicants.
Allotment/ Allot/ Allotted	Issue an allotment of Equity Shares of our Company pursuant to Fresh Issue of the Equity Shares to the successful Applicants.
Allottee(s)	Successful Applicants to whom Equity Shares of our Company shall have been allotted.
Applicant	Any prospective investor who makes an application for Equity Shares of our Company in terms.
Application Amount	The amount at which the Applicant makes an application for Equity Shares of our Company in terms.
Application Form	The Form in terms of which the prospective investors shall apply for our Equity Shares in the Issue.
ASBA/ Supported by Blocked Amount.	Application Supported by Blocked Amount (ASBA) means an application for Subscribing to the Issue containing an authorization to block the application money in a bank account maintained with SCSB.
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the Application Amount.
ASBA Application Location(s)/ Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely .
ASBA Investor/ASBA applicant	Any prospective investor(s)/applicants(s) in this Issue who apply (ies) through the ASBA process.
Banker(s) to the Issue/ Public Issue Bank(s).	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case being [●].
Basis of Allotment	The basis on which Equity Shares will be Allotted to the successful Applicants under the Issue and which is described under chapter titled “Issue Procedure” beginning on page 234.
Controlling Branch	Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> , or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their address, PAN, occupation and bank account details.
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996.



Term	Description
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms from the ASBA Applicants and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> , or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which funds are transferred from the amount blocked by the SCSBs is transferred from the ASBA Account to the Public Issue Account, as appropriate, after the Issue is closed, following which the Equity Shares shall be allotted/transfer to the successful Applicants.
Designated Stock Exchange	National Stock Exchange of India Limited
Draft Prospectus	The Draft Prospectus issued in accordance with section 26 of the Companies Act, 2013 and filed with the NSE Emerge under SEBI (ICDR) Regulations.
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom this Draft Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
NSE EMERGE	The SME Platform of NSE i.e. NSE EMERGE is a platform for listing of Equity Shares offered under Chapter XB of the SEBI (ICDR) Regulations.
First/ Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form.
Issue/ Issue Size/ Initial Public Offer/ Initial Public Offering/ IPO	Public Issue of 26,70,000 Equity Shares of face value of Rs. 10/- each fully paid of Sahaj Fashion Limited for cash at a price of Rs. 42/- per Equity Share (including a premium of Rs. 32/-per Equity Share) aggregating Rs. 1121.40 Lakhs.
Issue Agreement	The agreement dated, between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	The date on which Issue closes for subscription
Issue Opening Date	The date on which Issue opens for subscription
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both the days during which prospective Investors may submit their application.
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being Rs. 42/- per Equity Share of face value of Rs.10/- each fully paid
Issue Proceeds	Proceeds from the fresh Issue that will be available to our Company, being Rs. 1,121.40 Lakhs
Listing Agreement	The Equity Listing Agreement to be signed between our Company and NSE.

Term	Description
Lead Manager/ LM	Lead Manager to the Issue in this case being Khambatta Securities Limited, SEBI Registered Category-I Merchant Banker.
Market Making Agreement	Market Making Agreement dated August 21, 2018 between our Company, LM and Market Maker
Market Maker	Market Maker appointed by our Company being Indo Jatalia Securities Private Limited, who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time.
Market Maker Reservation Portion	The Reserved Portion of 1,38,000 Equity Shares of face value of Rs.10/-each fully paid for cash at a price of Rs. 42/- per Equity Share aggregating Rs 57.96 Lakhs for the Market Maker in this Issue.
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
Net Issue	The Issue excluding the Market Maker Reservation Portion of 25,32,000 Equity Shares of face value of Rs. 10/- each fully paid for cash at a price of Rs. 42/- Equity Share aggregating Rs. 1063.44 Lakhs by our Company.
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by the Company. For further information about use of the Issue Proceeds and the Issue expenses, please refer to the chapter titled “Objects of the Issue” beginning on page 71.
Non-Institutional Investors	All Applicants that are not Qualified Institutional Buyers or Retail Individual Investors and who have Applied for Equity Shares for an amount more than Rs. 2,00,000.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue.
Payment through electronic transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable.
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.



Term	Description
Prospectus	The Prospectus, filed with RoC containing, <i>interalia</i> , the issue opening and closing dates and other information.
Public Issue Account Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the Lead Manager, and the Public Issue Bank/Banker to the Issue for collection of the Application Amounts.
Public Issue Account	Account opened with the Banker to the Issue/Public Issue Bank i.e. [ ● ] by our Company to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.
Qualified Institutional Buyers or QIBs	QIBs, as defined under the SEBI ICDR Regulations, including public financial institutions as specified in Section 2(72) of the Companies Act, 2013 scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 2,500 lakhs, pension fund with minimum corpus of Rs. 2,500 lakhs, NIF, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Refund Account (s)	Account(s) to which monies to be refunded to the Applicants shall be transferred from the Public Issue Account in case listing of the Equity Shares does not occur
Refund Bank(s) / Refund Banker(s)	Bank(s) which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Accounts will be opened in case listing of the Equity Shares does not occur, in this case being [ ● ].
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited having registered office at 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059, Maharashtra.
Retail Individual Investor	Individual Applicants, or minors applying through their natural guardians, including HUFs (applying through their <i>Karta</i> ) and ASBA Applicants, who apply for an amount less than or equal to Rs. 2,00,000.
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s).
SCSB/ Self Certified Syndicate Banker.	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which offer the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1480483399603.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1480483399603.html</a> , or at such other website as may be prescribed by SEBI from time to time.



Term	Description
Underwriter	[●]
Underwriting Agreement	The agreement dated [●] entered into between the Underwriter and our Company.
Working Day	Unless the context otherwise requires: Working Days shall be all trading days of stock exchange excluding Sundays and bank holidays in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.



## Technical and Industry Terms

Term	Description
Creel	A rack holding bobbins or spools when spinning.
HP	Horse Power
MMF	Man Made Fibre
Mtrs	Meters
Pcs	Pieces
QC / QA	Quality Control / Quality Analysis
PPP	Purchasing Power Parity
Sq. Mtrs	Square Metres
TUFS	Technology Up-gradation Fund Scheme
Warper Beam	A roller, located at the back of a loom, on which the warp ends are wound in preparation for weaving.

## Conventional and General Terms/ Abbreviations

Term	Description
A/C	Account
Act	The Companies Act, 1956 as amended from time to time, including sections of Companies Act, 2013 wherever notified by the Central Government.
AGM	Annual General Meeting
Articles	Articles of Association of the Company as originally framed or as altered from time to time in pursuance of any previous Company law or of this Act
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
A.Y.	Assessment Year
ASBA	Applications Supported by Blocked Amount
B.Com	Bachelor's Degree in Commerce
BIFR	Board for Industrial and Financial Reconstruction
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
Companies Act	Companies Act, 1956 as amended from time to time, including sections of Companies Act, 2013 wherever notified by the Central Government.
CSO	Central Statistical Organisation
Depositories	NSDL and CDSL; Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
DIN	Director Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identity
DB	Designated Branch



EBIDTA	Earnings before Interest, Depreciation, Tax, Amortization and extraordinary items.
ECS	Electronic Clearing Services
EGM	Extraordinary General Meeting
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
EPS	Earnings per Share
FDI	Foreign Direct Investment
FCNR Account	Foreign Currency Non-Resident Account
FEMA	Foreign Exchange Management Act, as amended from time to time and the regulations framed there under.
FEMA Regulations	FEMA (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000 and amendments thereto.
FII(s)	Foreign Institutional Investors
FIs	Financial Institutions
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, Government of India.
FV	Face Value
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000.
F.Y	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GOI	Government of India.
GST	Goods & Service Tax
HNI	High Net worth Individual
HUF	Hindu Undivided Family
ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

Indian GAAP	Generally accepted accounting principles in India.
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IFRS	International financial reporting standards.
Ind AS	Indian Accounting Standards
IIP	Index of Industrial Production
IMF	International Monetary Fund
IPC	Indian Penal Code
IPO	Initial Public Offering
IPR	Intellectual Property Right
IT	Information Technology
IT Act	The Income-tax Act, 1961 as amended from time to time except as stated otherwise.
IT Rules	The Income-tax Rules, 1962, as amended from time to time
INR	Indian National Rupee
JV	Joint venture
KMP	The officers declared as a Key Managerial Personnel and as mentioned in the chapter titled “ <i>Our Management</i> ” beginning on page 123.
Ltd.	Limited
MBA	Master in Business Administration
M.Com	Master Degree in Commerce
MCLR	Marginal Cost of Funds Based Lending Rate
MD	Managing Director
MoU	Memorandum of Understanding
MNC	Multinational corporation
N/A or NA	Not Applicable
NAV	Net Asset Value



NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate of the paid-up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
NOC	No Objection Certificate
NPV	Net Present Value
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
p.a.	per annum
PAN	Permanent Account Number
PAT	Profit After Tax
Pvt.	Private
PBT	Profit Before Tax
P/E Ratio	Price Earnings Ratio
POA	Power of Attorney
PIO	Persons of Indian Origin
PPP	Purchasing Power Parity
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time

Ron	Return on Net Worth.
Rs. / INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self-Certified Syndicate Bank
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Depository Regulations	Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations / Takeover Regulations / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
Sec.	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time.
SSI Undertaking	Small Scale Industrial Undertaking
Stock Exchange (s)	NSE
Sq.	Square
Sq. mtr	Square Meter
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number



TNW	Total Net Worth
u/s	Under Section
UIN	Unique Identification Number
US/ U.S. / USA	United States of America
USD or US\$	United States Dollar
U.S. GAAP	Generally accepted accounting principles in the United States of America
UOI	Union of India
Venture Capital Fund(s)/ VCF(s)	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time.
WDV	Written Down Value
w.e.f.	With effect from
YoY	Year over Year

Notwithstanding the following: -

- (i) In the section titled '*Main Provisions of the Articles of Association*' beginning on page 280, defined terms shall have the meaning given to such terms in that section;
- (ii) In the section titled '*Financial Statements*' beginning on page 149, defined terms shall have the meaning given to such terms in that section;
- (iii) In the chapter titled "*Statement of Tax Benefits*" beginning on page 78, defined terms shall have the meaning given to such terms in that chapter.



## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

### FINANCIAL DATA

Unless stated otherwise, the financial data included in this Draft Prospectus are extracted from the restated financial statements of our Company, prepared in accordance with the applicable provisions of the Companies Act and Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditors, set out in the section titled ‘Financial Statements’ beginning on page 149. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act and have been restated in accordance with the SEBI (ICDR) Regulations.

Our fiscal year commences on 1<sup>st</sup> April of each year and ends on 31<sup>st</sup> March of the next year. All references to a particular fiscal year are to the 12 months period ended 31<sup>st</sup> March of that year. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company’s financial data. Accordingly, to what extent, the financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices / Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Draft Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act and Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditors, set out in the section titled ‘Financial Statements’ beginning on page 149.

### CURRENCY OF PRESENTATION

In this Draft Prospectus, references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD”, “U.S. \$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten lacs’ or ‘ten lakhs’, the word ‘Lacs / Lakhs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million and ‘billion / bn./ Billions’ means ‘one hundred crores’.

### INDUSTRY & MARKET DATA

Unless otherwise stated, Industry & Market data used throughout this Draft Prospectus have been obtained from World Economic Outlook (July 2018) International Monetary Fund (IMF), Trading economics, Indian Brand Equity Foundation (IBEF) and Office of the Textile Commissioner, Ministry of Textiles (data up to November). Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

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



## FORWARD-LOOKING STATEMENTS

This Draft Prospectus contains certain “forward-looking statements”. These forward-looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar meaning. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- Fluctuations in operating costs;
- Our failure to keep pace with changes in technology;
- Our ability to attract and retain technical & qualified personnel;
- Higher interest outgo on our loans;
- Our ability to successfully implement our growth strategy and expansion plans;
- Our ability to meet our working capital expenditure requirements;
- Conflict of Interest with affiliated companies, the promoter group and other related parties;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- Changes in government policies and regulatory actions that apply to or affect our business;
- The performance of the financial markets in India and globally;
- The occurrence of natural disasters or calamities; and
- Other factors beyond our control;

For a further discussion of factors that could cause our actual results to differ, refer to section titled “Risk Factors” and chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 19 and 181 respectively. 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.

Future looking statements speak only as of the date. Neither we, our Directors, Underwriter, Merchant Banker nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the LM and our Company will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

## SECTION II – RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. In making an investment decision prospective investors must rely on their own examination of our Company and the terms of this offer including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.*

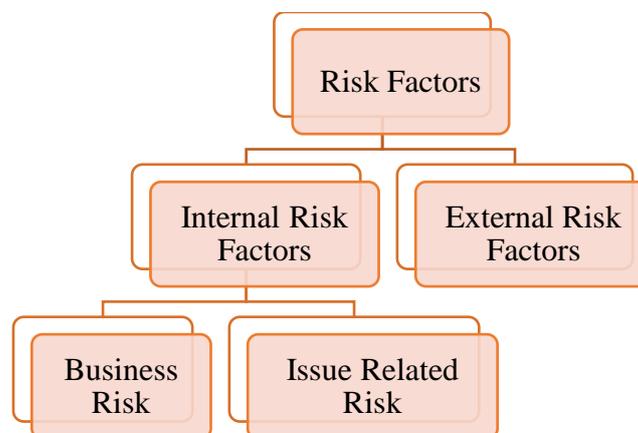
*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. To obtain a complete understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 96, “Our Industry” beginning on page 81 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 181 respectively, as well as other financial information contained herein.*

*The following factors have been considered for determining the materiality of Risk Factors:*

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

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of the Company used in this section is derived from our financial statements under Indian GAAP, as restated in this Draft Prospectus. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled “Definitions and Abbreviations” beginning on page 3. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.*

*The risk factors are classified as under for the sake of better clarity and increased understanding:*





## A. INTERNAL RISK FACTORS

### I. Business Risks/ Company specific Risk

- 1. Increase in the cost of, or a shortfall in the availability of our raw material i.e. yarn could have an adverse effect on our business, results of operations and financial condition.**

The raw material used by us for manufacturing of our products including cotton shirting, cotton suiting, fancy fabric, yarn dyed fabrics and blended fabric of polyester. The price of raw materials have been fluctuating which is evident from the cost of material consumed to revenue ratio as under:

(Rs. In Lakhs)

Particulars	For the Year ended March 31		
	2018	2017	2016
Total Revenue	<b>11,197.82</b>	<b>8,349.74</b>	<b>6,278.38</b>
Cost of Material Consumed	9,181.97	6,481.61	4,997.00
% of total revenue	81.99%	77.62%	79.59%

*\*On the basis of Restated financial statement.*

The price and availability of raw material depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions. The yarns are procured from local suppliers such as dealers, traders and brokers available in Rajasthan as well as from other states like Gujarat, Maharashtra, Punjab, etc. which are cost efficient and easily available. We usually do not enter into long term supply contracts with any of our suppliers and typically place orders with them after firm-orders is received. The absence of long term contracts at fixed prices exposes us to volatility in the prices of material that we require. If we are unable to compensate for or pass on our increased costs to end-customer, such price increases could have an adverse impact on our result of operations, financial condition and cash flows. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us. Any inability on our part to procure material from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations.

- 2. Our inability to implement our business strategy or effectively sustain and manage our growth could have an adverse effect on our business, results of operations and financial condition.**

In the past five financial years as per restated financials our revenues have continuously increased from Rs. 3,264.01 lakhs in FY 2013-14 to Rs. 3,814.93 lakhs in FY 2014-15 to Rs. 6,278.38 lakhs in FY 2015-16 to Rs. 8,349.74 lakhs in FY 2016-17 and further to Rs. 11,197.82 lakhs in FY 2017-18, showing an increase of 16.88%, 64.57%, 32.99% and 34.11%. Our Net Profit After Tax (PAT) for the above mentioned periods were Rs. 26.01 lakhs, Rs. 27.58 lakhs, Rs. 51.76 lakhs, Rs. 57.35 lakhs and Rs. 293.80 lakhs, respectively, showing an increase of 6.05%, 87.64%, 10.80% and 412.33%. The total revenue of our Company in these 5 financial years has grown at a CAGR of 36.12% and the profit after tax for the same period has grown at a CAGR of 83.33%.

Further, we cannot assure you that our growth strategies will be successful or that we will be able to continue to expand our operations. In order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to select and retain key managerial personnel, maintaining effective risk management policies and training managerial personnel to address emerging challenges.



We cannot assure you that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations, or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have an adverse effect on our business and results of operations.

3. ***Within the parameters as mentioned in the chapter titled ‘Objects of this Issue’ beginning on page 71, our Company’s management will have flexibility in applying the proceeds of this Issue. The fund requirement and deployment mentioned in the Objects of this Issue have not been appraised by any bank or financial institution.***

The fund requirement and deployment, as mentioned in the “Objects of the Issue” on page 71 is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan and operation position. We cannot assure that the current business plan will be implemented or orders shall be executed in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The requirement of working capital for the initial public offer has been based on an increased limit of Rs. 2,500 Lakhs planned with HDFC Bank Ltd. We cannot assure that the Bank will definitely increase our working capital limit from currently Rs. 2,000 Lakhs to Rs. 2,500 Lakhs. Further, the deployment of the funds as stated under chapter “Objects of the Issue” is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency. Further, we have not identified any alternate source of working capital funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds could adversely affect our growth plans.

4. ***Any delay or default in payment from our customers could result in the reduction of our profits and affect our cash flows.***

Our operations involve extending credit, ranging typically from 4 to 5 months, to our customers. Consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. Accordingly, we had and may continue to have high levels of outstanding receivables.

Details of Trade Receivables for the last three Fiscal Years are asunder:

(Rs. In Lakhs)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016
Trade Receivables	4,050.51	2,665.48	2,049.49
Total revenue	11,197.82	8,349.74	6,278.38
Trade Receivables % of total revenue	36.17	31.92	32.64

*\*On the basis of Restated Financial statement.*

If our customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

5. ***Our top ten clients contribute approximately 66.13% of our revenues for the year ended March 31, 2018. Any loss of business from one or more of them may adversely affect our revenues and profitability.***

Our top ten clients contribute approximately 66.13% of our revenues for the year ended March 31, 2018. Any decline in our quality standards, growing competition and any change in the demand for our products by these customers may adversely affect our ability to retain them. We cannot assure that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our revenues and profitability. However, the composition and revenue generated from these clients might change as we continue to add new clients in normal course of business. We intend to retain our customers by offering solutions to address specific needs in a proactive, cost effective



and time efficient manner. This helps us in providing better value to each customer thereby increasing our engagement with our new and existing customer base that presents a substantial opportunity for growth.

For further details, please refer to section titled “Our Business” beginning on page 96.

- 6. Our business is dependent on our manufacturing facilities and we are subject to certain risks in our manufacturing process. Any slowdown or shutdown in our manufacturing operations or under-utilization of our manufacturing facilities could have an adverse effect on our business, results of operations and financial condition.**

As of March 31, 2018, we conducted our operations through our one manufacturing facilities, details as under:

Manufacturing Facility(ies)	Address
Rajasthan	Khasra No. 1474, 1629, 1648/7770, 1674/7769, Kalyan Shree Industrial Estate, Village: Shreenagar, Nasirabad-Kishangarh Four Lane Expressway, Distt. Ajmer, Rajasthan – 305 025

Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents and severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections and testing, or may shut down certain facilities for capacity expansion and equipment upgrades. We may also face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations.

Although we have not experienced any significant disruptions at our manufacturing facilities in the past, we cannot assure you that there will not be any disruptions in our operations in the future. Our inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shut-down of our operations or the under-utilization of our manufacturing facilities, which in turn may have an adverse effect on our business, results of operations and financial condition.

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

Information relating to our production capacities and the historical capacity utilization of our production facilities included in this Draft Prospectus is based on various assumptions and estimates of our management, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to operational efficiencies. Actual production levels and utilization may differ significantly from the estimated production capacities or historical estimated capacity utilization of our facilities. Undue reliance should therefore not be placed on our production capacity or historical estimated capacity utilization information for our existing facilities included in this Draft Prospectus. For further information, see the section titled “Our Business” on page 96.



**8. *We have to update the name of our company in our statutory approvals and certificates due to the conversion of our company.***

Our statutory approvals and certificates are in the name of Sahaj Fashions Private Limited. Since our company was converted into a public limited company vide fresh Certificate of Incorporation dated April 17, 2018, we have to update the name Sahaj Fashions Limited on the statutory approvals and certificates. We cannot ensure that we will be able to update the said documents in timely manner. However, we do not foresee any problem in our business or operations.

For further details, please refer to section titled “Government and Other Statutory Approvals” beginning on page 199.

**9. *In case of our inability to obtain, renew or maintain the statutory and regulatory licenses, 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. We believe that we have obtained all the requisite permits and licenses which are adequate to run our business. However, there is no assurance that there are no other statutory/regulatory requirements which we are required to comply with.

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. Further, certain licenses and registrations obtained by our Company contain certain terms and conditions, which are required to be complied with by us. Any default by our Company in complying with the same, may result in inter alia the cancellation of such licenses, consents, authorizations and/or registrations, which may adversely affect our operations. There can be no assurance that the relevant authorities will issue or renew any of such permits or approvals in time or at all. Failure 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.

We have regular system of checking for any regulatory license being expiring & to apply for renewal within stipulated time. For further details, please refer to section titled “Government and Other Statutory Approvals” beginning on page 199.

**10. *Our lenders have imposed certain restrictive conditions on us under our financing arrangements.***

Under our financing arrangements with our lenders, we are required to obtain the prior written consent for, among other matters, changes in our capital structure, formulate a scheme of amalgamation or reconstruction and entering into any other borrowing arrangement. Further, we are required to maintain certain financial ratios. 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. Our level of existing debt and any new debt that we incur in the future has important consequences. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans. For further details, please refer to section titled “Financial Indebtedness” beginning on page 190.



**11. There have been some instance of incorrect filing in the past with ROC under Companies Act 1956 or Companies Act, 2013. If the ROC impose monetary penalties on us or take certain action against our Company in relation to the same, our business, financial conditions and result of operations could adversely affected.**

Our Company was incorporated on May 20, 2011 under the Companies Act, 1956. Our Company may have delayed and made incorrect filing of some forms under the Companies Act, 1956 and Companies Act, 2013 in the past.

Further, there have been some inaccuracies/clerical mistakes in adding the attachments while filing of e-forms with ROC especially in respect of allotments pursuant to Right Issues in the past.

No show cause notice in respect of the above has been received by the Company till date, any penalty imposed for such non-compliance in future by any regulatory authority could affect our financial conditions to that extent. Such delay/noncompliance may in the future render us liable to statutory penalties and disallowing the resolutions, which may have consequences of violations of statutory provisions concerned.

However our Company has now appointed Ms. Nikita Daga as Company Secretary & Compliance officer w.e.f. in terms of Companies Act 2013 & SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 who shall ensure that all compliances are made within necessary timelines.

**12. Our Company had negative cash flows in some of the previous year(s) as per the Restated Financial Statements and the same are summarized as under:**

Our Company had negative cash flows in some of the previous year(s) as per the Restated Financial Statements and the same are summarized as under:

(Rs. In Lakhs)

Particulars	As on March 31, 2018	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014
Cash Flow from/ (used in) Operating Activities	260.84	356.63	(235.35)	(17.04)	41.42
Cash Flow from/ (used in) Investing Activities	49.70	(21.25)	(100.44)	(1,296.77)	46.46
Cash Flow from/ (used in) Financing Activities	(339.75)	(406.62)	330.31	1,435.70	(79.01)

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow in future, it may adversely affect our business and financial operations.

**13. We do not own our Registered Office & Godown.**

Our registered office & godown situated at Shree Bhawan, Ajmer Road, Madanganj, Kishangarh-305801, Rajasthan and 3/53 Bohara Market, Ichalkaranji, District, Kolhapur - 416115 are taken on lease. For other details in relation to our Properties, please refer to the chapter titled "Our Business" beginning on page 96.

Further, we are in the process of entering into a formal lease agreement between Company and Mr. Moti Lal Maheshwari who is the father of our promoter Mr. Rohit Toshniwal for using the premises i.e. Shree Bhawan, Ajmer Road, Madanganj, Kishangarh-305801, Rajasthan as registered office of the Company.



We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In the event that we are required to vacate the aforementioned premises, we would be required to make alternative arrangements for new offices and other infrastructure and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations during this period, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations and financial condition.

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

The Accounting Policy followed by us is not in conformity with the Accounting Standard prescribed by the Institute of Chartered Accountants of India, regarding disclosure of Present Value of Obligations with respect to the retirement benefits to be paid to the employees. The Accounting Standard stipulates that these liabilities should be accounted in the Books on Accrual Basis. However our Company has made the suitable adjustments for the above in the restated financial statements as appearing on page 149.



**15. Our trademark or logo  is under the process of registration. If we are unable to protect our trademarks and trade-names, others may be able to use our trademarks and trade-names to compete more effectively.**

We have filed the application dated July 13, 2018 in form TM-1 for registration of our  Logo under the Trade Marks Act, 1999 whose current status is Objected. In case of no registration, our Company may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trademarks Act, 1999, as otherwise available for registered trademarks. We cannot assure you that we will be able to obtain such registrations in a timely manner. As a result, we may be unable to prevent use of these names or variations thereof by any other party or ensure that we will continue to have a right to use it. We further cannot assure you that any third party will not infringe upon our trademark, logo and/or trade name in a manner that may have a material adverse effect on our business prospects, reputation and goodwill.

**16. We face competition in our business from domestic competitors. Such competition would have an adverse impact on our business and financial performance.**

The industry, in which we are operating, is highly and increasingly competitive and our results of operations and financial condition are sensitive to, and may be materially adversely affected by, competitive pricing and other factors. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

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

We intend to fund our development plans through our internal accruals, cash flow from operations and working capital from banks. We will continue to incur significant expenditure in maintaining and growing our existing manufacturing infrastructure. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our internal accruals and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, the inability to obtain



sufficient financing could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on favourable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

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

Our Company has availed unsecured loans to the tune of Rs. 649.92 Lakhs as on March 31, 2018 that are recallable on demand by the lenders including our Promoter & Promoter Group. In such cases, the lender is empowered to require repayment of the facility at any point in time during the tenure. We may not be able to secure fresh funds or have internal accruals to repay those loans. As a result, our cash flow may be affected resulting in working capital constraints. However since all of them belong to promoter group, we do not foresee any such situation. For further details please refer chapter titled “Financial Information” beginning on page 149.

**19. A shortage or non-availability of electricity, fuel or water may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.**

Our manufacturing operations require a significant amount and continuous supply of electricity, fuel and water and any shortage or non-availability may adversely affect our operations. The manufacturing process of our products requires significant power. We currently source our water requirements from local body water supply, canals & bore wells and depend on state electricity boards. The total power requirement for our manufacturing unit situated in Rajasthan is 590 HP at 360 KVA for Weaving and 290 HP at 165 KVA for Sizing which is fulfilled by Ajmer Vidyut Vitran Nigam Ltd. Although we also have D.G. sets for emergency power requirement which assist in the manufacturing process and for other general purposes. We cannot assure you that our facilities will be operational during power failures.

Any failure on our part to alternate sources of electricity or fuel, in a timely manner, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

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

Our manufacturing unit in Rajasthan is dependent on availability of skilled and unskilled labour. Non-availability of labour at any time or any disputes with them may affect our manufacturing schedule and timely delivery to customers which may adversely affect our business and results of operations.

**21. The average cost of acquisitions of Equity Shares by our Promoter is lower than the issue price.**

Our Promoter average cost of acquisition of Equity shares in our Company are as follows:

Name of the Promoter	No. of Shares held	Average cost of Acquisition (In Rs.)
Mr. Rohit Toshniwal	10,10,640	11.98
Mr. Norat Mal Choudhary	7,92,192	11.07
Mrs. Prabha Lakhotia	8,49,168	11.35

For further details regarding average cost of acquisitions of Equity Shares by our Promoter in our Company and build-up of Equity Shares by our Promoter in our Company, please refer chapter titled “Capital Structure” beginning on page 54.

**22. *We have entered into certain transactions with related parties. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.***

We have entered into certain transactions with our Promoter, Promoter Group and group companies and may continue to do so in future. For absolute value of all transactions entered into with our related party entities please refer to Statement of Related Party Transactions under chapter “Financial Statement” beginning on page 149. These transactions or any future transactions with our related parties could potentially involve conflicts of interest. However the Company cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on business and financial results. Our Company shall follow the provisions as laid down under Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

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

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

**24. *Our success depends largely upon the services of our Management and other Key Managerial Personnel and our ability to retain them. Our inability to attract and retain key managerial personnel may adversely affect the operations of our Company.***

Our success largely depends on the continued services and performance of our management and other key personnel. Though they have been assisted by team of professionals, the loss of service of the Promoter and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Further, the loss of any of the senior 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 to implement new turn key projects and expand our business.

**25. *Our Key Management Personnel are associated with the Company less than one year.***

Our Key Management Personnel i.e. Company Secretary is associated with the Company for a period of less than one year. For details of Key Management Personnel and their appointment, please refer to chapter “Our Management” beginning on page 123.



**26. We have issued Equity Shares during the last 12 months at a price that are below the Issue price.**

We have issued certain Equity shares in the last twelve months at a price that are lower than the Issue price. Details of such issuances are given in the table below:

Date of Allotment	No. of Equity Shares	Issue Price (In Rs.)	Nature of Allotment
August 28, 2018	72,57,740	Nil	Bonus Issue in the ratio of 47:1

For further details of equity shares issued, please refer to the section titled “Capital Structure” beginning on page no. 54.

**27. Certain documents in relation to educational qualifications and experience of our Promoters & Directors are not available.**

Certain supporting documentation for details required to be stated under brief profiles of Promoter & Directors of our Company in “Our Management” on page 123, including in respect of educational qualifications and work experience could not be made available to our Company, despite due enquiries with such Directors and KMPs. We have relied on certain indirect sources for such information.

**28. Our operations are subject to environmental, health and safety laws and regulations.**

Our operations are subject to various Central and State environmental laws and regulations relating to the control of pollution in the area where we operate. In particular, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liability to the Government and third parties, and may result in our incurring costs to remedy such discharge or emissions. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of operations, or a material increase in the costs of operations, or otherwise have a material adverse effect on the financial condition and results of our operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on us or result in the need for additional investment in pollution control equipment, either of which could adversely affect our business, financial condition or prospects. While as of the date of this Draft Prospectus, we are not subject to any environmental legal proceedings, we may be impleaded in such legal proceedings in the course of our business. Such legal proceedings could divert management time and attention, and consume financial resources in defense or prosecution of such legal proceedings or cause delays in the production, development or commencement of operations of our projects. No assurance can be given that we will be successful in all, or any, of such proceedings.

**29. We are subject to risk of fraud, theft, embezzlement by our employees, contractors and customers, employee negligence or similar incidents may adversely affect our results of operations and financial condition.**

As of March 31, 2018, we had total inventory of Rs. 1,956.92 Lakhs as per our Restated Financial Statements. Our operations may be subject to incidents of theft or damage to inventory in transit, prior to or during stocking. We may also encounter some inventory loss on account of employee/vendor fraud, theft, embezzlement and general administrative error. Although, we have set up various security measures, including cctv in our offices, deployment of security guards and follow stringent operational processes such as periodic stock tracking, there can be no assurance that we will not experience any fraud, theft, employee negligence, security lapse, loss in transit or similar incidents in the future, which could adversely affect our results of operations and financial condition.



**30. Orders placed by customers may be delayed, modified, cancelled or not fully paid by our customers, which may have an adverse effect on our business, financial condition and results of operations.**

We may encounter problems in executing the orders in relation to our products, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers may result in the postponement of the delivery of products or cause its cancellation. Accordingly, it is difficult to predict with certainty that, when, and to what extent we may be able to deliver the orders placed. Further, we may be bound to certain terms in the contracts entered with the customers any non-adherence to the same may lead to breach of the contract, which may subject us to penalties and liquidated damages. Any failure to adhere to the conditions which may be beyond our control may subject us to liquidated damages which could have an effect on the result of operation and cash flow.

**31. Our Company has filed certain forms as prescribed under the Companies Act with Registrar of Companies with additional fees and.**

Under the provisions of Companies Act, certain forms are required to be filed within prescribed timelines. In past, our Company has exceeded such timeline for filing the forms and has paid applicable additional fees. If our company fails to comply with the provisions for filing of forms under the provisions of the Companies Act, then the company and every officer of the company who is in default is punishable with fine. ROC forms filed late with additional fees during the last three financial years has been detailed below:

Sr. No.	ROC E-Forms	Date of filing	Delay (in Months)
1.	AOC-4	November 2, 2015	Less than a Month
2.	CHG-1	October 28, 2015	3 Months
3.	SH-7	October 16, 2015	Less than a Month
4.	MGT-14	August 11, 2015	Over 3 Months
5.	PAS-3	August 11, 2015	Over 3 Months
6.	ADT-1	October 11, 2015	Less than a Month
7.	MGT-7	December 29, 2016	2 Months
8.	PAS-3	May 2, 2016	Over 2 Months
9.	PAS-3	August 5, 2016	Over 4 Months
10.	ADT-1	December 29, 2016	Over 2 Months
11.	PAS-3	July 22, 2017	Over 2 Months
12.	MGT-14	July 22, 2017	Over 3 Months

Although no show cause notice have been issued against our Company till date in respect of above, we cannot rule out possibility of receiving a notice in future.

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

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

These facts and statistics are included in “Summary of Industry” and “Our Industry” on page no. 35 and 81 respectively. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be elsewhere.



**33. *Loans availed by our Company have been secured on personal guarantees of our Promoter group. Our business, financial condition, results of operations, cash flows and prospects may be adversely affected in case of invocation of any personal guarantees or collateral securities provided by our Promoter group.***

Our Promoter Group Member has provided personal guarantees as security to secure our existing borrowings of Rs. 3505.00 Lakhs taken from HDFC Bank Limited and may continue to provide such guarantees and other security post listing. In case of a default under our loan agreements, any of the personal guarantees provided by our Promoter group may be invoked and/ or the security may also be enforced, which could negatively impact the reputation and Net Worth of the Promoter group. Also, we may face certain impediments in taking decisions in relation to our Company, which in turn would result in a material adverse effect on our financial condition, business, results of operations and prospects and would negatively impact our reputation. In addition, our Promoter group may be required to liquidate their shareholding in our Company to settle the claims of the lenders, thereby diluting their shareholding in our Company. We may also not be successful in procuring alternate guarantees/ alternate security satisfactory to the lenders, as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows. For further details regarding loans availed by our Company, please refer “Statement of Financial Indebtedness” on page 190.

**34. *Our lender have charge over our immovable properties in respect of finance availed by us.***

We have secured our lender by creating a charge over our immovable properties in respect of loans / facilities availed by us. We have been extended Working Capital loan (Fund Based and Non- Fund Based Limits) from HDFC bank limited against hypothecation of our Company’s property. For further details, please refer to section titled “Financial Indebtedness” beginning on page 190.

**35. *Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

We have taken insurance which may not be adequate enough for covering the entire future unforeseen liabilities that might occur in the normal course of business. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time by the insurers. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected. For further details on insurance arrangements, see the section titled “Our Business” on page 96.

**36. *Any Penalty or demand raised by statutory authorities in future will affect our financial position of our Company.***

Our Company is engaged in business of manufacturing of yarns, which attracts tax liability as per the applicable provisions of Law. We are also subject to the labour laws like depositing of contributions with Provident Fund, Labour cess etc. Though, we have deposited the required returns under various applicable Acts but any demand or penalty raised by the concerned authority in future for any previous year and current year will affect the financial position of our Company.



- 37. *Our Promoters and the members of our Promoters Group will continue to retain significant control in the Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval. Our Promoters and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.***

As of March 31, 2018, our Promoter and the members of our Promoter Group hold entire issued equity share capital of the Company. After completion of the Issue, our Promoter and the members of our Promoter Group will hold 71.75% of the equity shares capital of the Company and continue to retain a significant control of the Company. As a result, our Promoter and our Promoter Group will have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. In addition, for so long as our Promoter and the members of our Promoter Group continue to exercise significant control over the Company they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. Our Promoter and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

## **II. *Risk related to this Issue and our Equity Shares***

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

Any future equity issues by us, including in a primary offering, may lead to the dilution of investors' shareholdings in us. Any future equity issuances by us or sales of its Equity Shares by the Promoter may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

- 39. *Our ability to pay any dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

- 40. *There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on the NSE – Emerge in a timely manner.***

We have applied to NSE to use the name of its SME platform "NSE-Emerge" as the Stock Exchange in this offer document for listing our shares. In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a delay in listing the Equity Shares on the Stock Exchange. Any delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.



## **B. EXTERNAL RISK FACTORS**

### **41. *Natural calamities and force majeure events may have an adverse impact on our business.***

Natural disasters may cause significant interruption to our operations, and damage to the environment that could have a material adverse impact on us. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of deficient or abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy, which could adversely affect our business and results of operations.

### **42. *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.

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

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months in an Indian company are classified as short term capital gains and generally taxable. Any gain realised on the sale of listed equity shares on a stock exchange that are held for more than 12 months is considered as long term capital gains and currently, such gains are not be subject to capital gains tax in India if Securities Transaction tax (STT) has been paid on the transaction. STT is levied on and collected by a domestic stock exchange on which equity shares are sold. The Finance Bill, 2018, tabled before the Parliament, proposes to withdraw the exemption on long-term capital gains tax from April 01, 2018 and to impose 10% tax on such long-term capital gains in excess of Rs. 1,00,000. This proposal is subject to parliamentary process. Any long-term gain realised on the sale of equity shares, which are sold other than on a recognised stock exchange and on which no STT has been paid, is also subject to tax in India. Capital gains arising from the sale of equity shares are exempt from taxation in India where an exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

### **44. *We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards ("IFRS"). Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.***

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for convergence with IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the "IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of converged Indian Accounting Standards may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding (restated) period in the comparative Fiscal/period

**45. Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.**

Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Elimination or substantial change of policies or the introduction of policies that negatively affect the Company's business could cause its results of operations to suffer. Any significant change in India's economic policies could disrupt business and economic conditions in India generally and the Company's business in particular.

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

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

**47. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.**

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the Mumbai terrorist attacks and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

**48. Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.**

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is referred to as "systemic risk," may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Our transactions with these financial institutions expose us to credit risk in the event of default by the counter party, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business, financial condition, results of operations and cash flows.

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

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.



**PROMINENT NOTES**

- a) The Public Issue of 26,70,000 Equity Shares of face value of Rs. 10/- each fully paid for cash at a price of Rs. 42/- per Equity Share aggregating Rs. 1,121.40 Lakhs (“the Issue”). Issue of Equity Shares will constitute 26.48% of the fully diluted Post-Issue paid up capital of our Company. For more information, please refer to chapter titled “The Issue” on page 45.
- b) The net worth and book value of our Company is as under:

(In Lakhs)

Sr. No.	Particulars	As on March 31, 2018	As on March 31, 2017	As on March 31, 2016
1.	Net worth	1,312.14	1,018.34	923.42
2.	Book Value (In Rs.)	18.08	14.03	13.30

For more information, please refer to section titled “Financial Statements” beginning on page 149.

- c) The average cost of acquisition of per Equity Shares by our Promoters, which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

Name of the Promoter	No. of Shares held	Average cost of Acquisition (In Rs.)
Mr. Rohit Toshniwal	10,10,640	11.98
Mr. Norat Mal Choudary	7,92,192	11.07
Mrs. Prabha Lakhotia	8,49,168	11.35

- d) For details of Related Party Transactions entered into by our Company, please refer to the chapter titled “*Related Party Transactions*” beginning on page 147.
- e) Except as disclosed in the chapter titled “*Capital Structure*”, “*Our Promoter and Promoter Group*” and “*Our Management*” beginning on pages 54, 137 and 123 respectively, none of our Promoters, Directors or Key Management Personnel have any interest in our Company.
- f) Except as disclosed in the chapter titled “*Capital Structure*” beginning on page 54, we have not issued any Equity Shares for consideration other than cash.
- g) Investors may contact the LM or the Compliance Officer for any clarification / complaint or information relating to the Issue, which shall be made available by the LM and our Company to the investors at large. No selective or additional information will be available for a section of investors in any manner whatsoever. For contact details of the LM and the Compliance Officer, please refer to the chapter titled “*General Information*” beginning on page 46.
- h) Investors are advised to refer to chapter titled “*Basis for Issue Price*” on page 76.
- i) Trading and Allotment in Equity Shares for all investors shall be in dematerialized form only.
- j) There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Independent Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this Draft Prospectus.
- k) Except as stated in the chapter titled “*Our Group Entities*” beginning on page 142 and chapter titled “*Related Party Transactions*” beginning on page 147, our Group Entities have no business interest or other interest in our Company.
- l) Investors may note that in case of over-subscription in the Issue, allotment to Retail applicants and other applicants shall be on a proportionate basis. For more information, please refer to the chapter titled “*Issue Structure*” beginning on page 220.

## SECTION II – INTRODUCTION

### SUMMARY OF OUR INDUSTRY

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and other sources of which link are mentioned (as available on public domain). So, all the Information Shared is believed to be accurate and reliable. None of the Company, the LM or any other person connected with the Issue has independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. 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. Accordingly, investors should not place undue reliance on or base their investment decision on this information. The information in this section must be read in conjunction with the sections titled “Risk Factors” and “Our Business” beginning on pages 19 and 96, respectively.*

### GLOBAL ECONOMIC OVERVIEW

The global economy is witnessing a broad-based revival with the cyclical upswing that started in mid-2016 gaining strength, aided by policy stimulus and characterized by a pickup in investments, growth in international trade and employment gains. This is the strongest synchronized global growth upturn since 2010 with GDP growth in two-thirds of countries collectively contributing 75% of the global GDP accelerating in 2017. The growth rate in the second half of 2017 was above 4%, taking the full-year growth to 3.7%. Consumer confidence indicators signal healthy end-market demand while purchasing managers’ indices point towards brisk manufacturing activity going forward. Global trade flows have seen a healthy improvement in the last few months driven by a pickup in investment, especially in advanced economies, strong manufacturing growth in Asia, and a recovery in commodity exporting economies.

The advanced economies grew 2.4% in 2017 (+70 bps) on the back of acceleration in investment expenditure. The recovery in the capex cycle reflected higher capacity utilization, favourable financing conditions and strengthening of balance sheets, translating into stronger business sentiments. The revival of investments led to job gains supporting growth in consumer spending. A turnaround in global commodities trade and a pick-up in private consumption led to higher GDP growth in the emerging market and developing economies (EMDEs) in 2017 (4.7%, +30 bps). While China benefitted from a recovery in exports, India’s growth was consumption-driven. Commodity exporters going through a recession such as Brazil and Russia as well as South Africa (witnessing a severe slowdown) benefitted from the bottoming out of the commodity cycle and the consequent revival of export earnings and resurgence in investments. Crude price, after witnessing a sharp decline of 15.7% in 2016, increased 23.3% in 2017. Non-fuel commodity prices expanded 6.8% after falling 1.5% in 2016. The upturn in commodity prices helped global trade volumes accelerate to 5.1% in 2017 after growing by 2.2% during the previous year.

#### Change in Commodity Prices

Commodity prices are expected to accelerate further through 2018 as international trade flows remain healthy. However, it will also stoke inflation and put currencies under pressure in economies with a higher dependence on commodity imports. Oil is expected to be expensive by 33% while non-fuel commodity prices are projected to increase by 6% in 2018. 2019 will see crude price falling marginally (-1.8%) with non-fuel commodity prices expected to remain broadly flat (0.5%). The advanced economies are expected to remain steady on their growth path with their combined GDP increasing by 2.4% and 2.2% in 2018 and 2019, respectively. The US is expected to be the principal driver of growth within the group, expanding 2.9% and 2.7% over this period compared to the Euro Area’s 2.2% and 1.9%. US GDP growth is seen to accelerate from 2017 levels of 2.3% in spite of the normalization of monetary policy, driven by an expanding job market, an increase in inflation rates from sub-



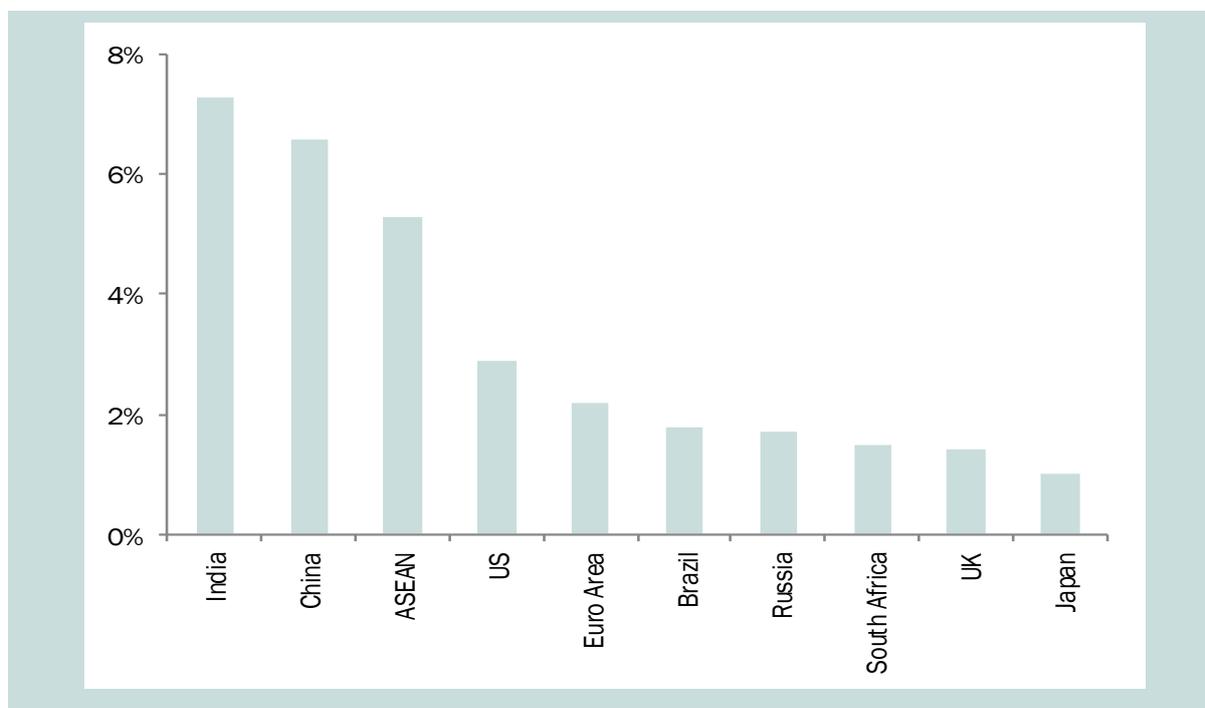
target levels, and output and profitability gains. Growth in the Euro Area will decline from 2.4% in 2017 amidst anticipated monetary tightening by the European Central Bank (ECB). Post-Brexit, the UK's growth is expected to moderate to 1.4% and 1.5% in 2018 and 2019, respectively (from 1.7% in 2017). Japanese growth too is expected to decelerate to 1.0% in 2018 and 0.9% in 2019 after expanding 1.7% in 2017. International trade volumes are projected to grow 4.8% in 2018 and 4.5% in 2019 (5.1% in 2017).

Growth at the EMDEs is forecast to increase to 4.9% and 5.1% in 2018 and 2019, respectively (from 4.7% in 2017). India is seen to lead the EMDE pack with a growth rate of 7.3% and 7.5% over 2018-2019 (2017: 6.7%), followed by China at 6.6% and 6.4% (2017: 6.9%). Brazil is expected to accelerate from 1% in 2017 to 1.8% in 2018 and 2.5% in 2019.

## INDIAN ECONOMIC OVERVIEW

A revival of rural demand aided by a normal monsoon and the implementation of the 7th Pay Commission recommendations helped drive an expansion in public and private consumption during 1H FY18. However, overall demand lagged with investments remaining weak. Output growth witnessed a slowdown except for the agriculture sector with the most affected sectors being construction, real estate and manufacturing. Following 5 consecutive quarters of deceleration from 1Q FY17 to 1Q FY18, India's GDP growth bottomed out to start rebounding in 2Q FY18, posting a rate of 6.3%. In the third quarter, real GDP expanded by 7%, surpassing China's 6.8% growth and restoring India to the coveted position of the fastest growing big economy. Subsequently, growth rate improved further to 7.7% in 4Q FY18 as the economy expanded by 6.7% during the fiscal year (FY17: 7.1%). The strong resurgence in the fourth quarter was driven by the construction (11.5%), manufacturing (9.1%), and agriculture (4.5%) sectors. Manufacturing activities continue to expand with the Nikkei India Manufacturing Purchasing Managers' Index (PMI) staying above 50 for 12 consecutive months to July 2018. The trend suggests that the sector has successfully come out of the temporary slowdown caused by demonetization and GST implementation. Gross fixed capital formation expanded 14.4% in 4Q FY18, signalling a revival of investment activities while government spending grew 13.3%. The IMF forecasts India to grow by 7.3% and 7.5% in FY19 and FY20, respectively, the fastest rates amongst the big economies.

### Global GDP Growth Rate Forecast for 2018



Source: World Economic Outlook Update, July 2018, IMF



Retail inflation, as measured by the Consumer Price Index (CPI), increased in April to June after declining through the last quarter of FY18. July CPI inflation stood at 4.17%, lower than the 4.92% recorded in June. After recording a multi-year low of 1.54% in June 2017, retail inflation rates witnessed a secular uptrend from June to December. The Reserve Bank of India (RBI) twice hiked the key policy rate by 25 bps each in June and August this year after a gap of four and a half years, driven by higher headline inflation during 1Q FY19 and expectations of an accelerating inflation rate in the second half of the fiscal year. The benchmark repo rate currently stands at 6.50%.

Exports expanded 9.8% during FY18, the highest growth rate in 6 years, after growing 4.5% in FY17. Previously, FY16 had seen a decline in exports by 5.3%. The robust growth in FY18 was driven by a reversal in commodity prices and improved global trade flows. India's trade prospects are expected to thrive with improvements in logistics, integration of investments in the global supply chain, infrastructure development, and an improved business environment.

## INDUSTRY OVERVIEW

The textiles sector is one of the oldest industrial sectors of the Indian economy and also a labour intensive one. By directly employing 51 million people and indirectly engaging 68 million, the textiles industry generates the maximum number of jobs in the country after agriculture. The textiles industry contributes 14% of India's manufacturing output and 5% of GDP. The textile industry can be broadly broken down into the unorganised sector comprising segments such as handloom and sericulture which are primarily operated on a small scale, and the organised sector consisting of fibre production, spinning, and fabric and apparel manufacturing segments which employ modern machinery and manufacturing processes. India's overall textile exports (including jute, coir and handicraft) stood at Rs 2.5 lakh crore (US\$ 37.8 bn) in FY17, representing almost 14% of the country's total export earnings. The textile industry is expected to reach US\$ 223 bn by the year 2021. (Source: IBEF)

India's textile industry is predominantly cotton-based as the country is one of the largest producers as well as exporters of cotton yarn. However, besides cotton, India has a strong production base across a wide range of fibres and yarns spanning natural fibres such as jute, silk and wool to synthetic/man-made fibres such as polyester, viscose, nylon and acrylic. Apart from China, no other country has such a strong and diverse base in textile fibres and yarns as India. While the hand-spun and handloom segments represent one end of the spectrum, the capital intensive and mechanized mills sector lies at the other end of the textile industry. The decentralised power looms, hosiery and knitting segments are amongst the largest constituents of the Indian textiles sector.

In December 2017, India's cotton industry, comprising cotton yarn, cotton fabrics, cotton made-ups and handloom products, was valued at US\$ 939 mn. The manmade fibre (MMF) segment, comprising manmade yarn, fabric and made-ups, was valued at US\$ 417 mn. By overtaking Italy and Bangladesh, India has now become the world's second largest textile and clothing exporter in the world (after China), contributing approximately 5% of the global textile and clothing trade. (Source: IBEF)

### Global Textile Industry

The global textile business is estimated to have been worth US \$830 bn in 2015 and is forecast to reach US\$ 1,237 bn by 2025 driven by population growth, rising urbanization, growth in disposable income and improving lifestyle in the emerging economies such as China, India and Mexico (source: Grand View Research). The World Trade Organization (WTO) expects global trade in textiles and apparels (T&A) to expand by 3.3% in 2018 and by 4% in 2019. Innovation and investment in it will be a key driver of the T&A sector going forward. Further, technical textiles, with an increasing share of the overall textile pie, will be a key segment driving overall growth of the textile industry.

The textile industry is moving towards automation from labour intensive production. Automation has enabled textile manufacturing companies to increase productivity and reduce costs. The fact that 1.2 million industrial robots are expected to be deployed by 2025 is a testimony to the increased adoption of automation in manufacturing and other businesses. Textile machinery hubs such as China, Germany, Italy, Switzerland and



India have been taking big strides towards bringing about further technological advancements in textile machinery. Global Industry Analysts (GIA) estimates the global textile machinery market is to touch US\$ 25 billion by 2018 driven by demand for advanced machines producing high-quality textiles. Other factors seen to drive the textile machinery market include global economic recovery and revival of the capex cycle, rising demand for nonwoven disposable textiles, increasing demand from emerging economies, especially Asia Pacific, and growing demand for sustainable textile products. Asia has the largest installed capacity of textile machinery with 86% of short-staple spindles, 45% of long staple spindles, 55% of rotor spinning machines, 73% of shuttle fewer looms and 85% of shuttle looms. China, India, Pakistan, Indonesia and Thailand are amongst the leading Asian markets in terms of installed capacity.

### **Domestic Textile Industry**

India is the world's second largest textile manufacturer and exporter after China. The share of the T&A sector in India's total exports was 12.4% in FY18 while the country commands a market share of 5% in T&A international trade. The EU and the US are major destinations for Indian T&A exports with these two geographies accounting for 47% of T&A exports from India. Being a labour intensive sector, the T&A sector directly employs 4.5 crore people while another 6 crore are employed in allied sectors. The T&A and related sectors also employ a large number of rural people as well as women.

The fundamental strength of India's textile industry lies in its strong manufacturing capacity across a wide range of fibres and yarns including natural fibres such as cotton, jute, silk and wool as well as MMF such as polyester, nylon, acrylic and viscose. India produces 14% of the global output of textile fibres and yarns. The country is the leading producer of jute, second largest producer of silk and cotton, and third largest producer of cellulose fibres in the world. The Indian MMF textiles industry manufactures products of international standard and quality across categories. It is the world's second largest producer of manmade fibre and filament, having produced 211 million kg in FY17. One of the leading exporters of MMF textiles to the EU and the US, India is the second largest producer of polyester and viscose globally. The country is also the sixth largest exporter of MMF in the world, generating about US\$ 6 bn in annual export earnings. The Indian textiles sector has strong fundamentals and a rich base of raw materials across both the cotton and MMF segments. India has a robust textile value chain with presence across raw materials, fibre, yarn, fabric and fashion segments. While the upstream segments play an important role by supplying the much-needed inputs down the value chain, the downstream segments' value addition contributes to the sector's overall output and exports. The forward and backward integration imparts fundamental strength to the sector and puts it in an advantageous position to exploit the growth in demand for textiles across different end markets.



## SUMMARY OF OUR BUSINESS

*Some of the information contained in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled “Forward-Looking Statements” beginning on page 18, for a discussion of the risks and uncertainties related to those statements and also the section “Risk Factors” for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year. The financial information used in this section, unless otherwise stated, is derived from our Financial Information, as restated prepared in accordance with Indian GAAP, Companies Act and SEBI Regulations. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Information” beginning on pages 19 and 149, respectively.*

### OVERVIEW OF OUR BUSINESS

Our Company was incorporated as Sahaj Fashions Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated May 20, 2011 in Kishangarh, Rajasthan. Further, upon conversion into a Public Limited Company pursuant to Shareholders Resolution dated April 02, 2018, the name of our Company was changed to “Sahaj Fashions Limited” vide fresh Certificate of Incorporation dated April 17, 2018 having CIN: U17119RJ2011PLC035248 issued by the Registrar of Companies, Jaipur.

SAHAJ is an ISO 9001:2015 recognized company for its Quality management System and also an ISO 14001:2015 recognised company for its Environmental Management System. We are engaged in manufacturing of international standard fabric which is used for various purposes such as Garments, Home Furnishings, and Industrial Applications, etc. We have expertise in manufacturing of primarily cotton suiting fabric and cotton shirting fabric apart from polyester based and cotton-polyester blended fabrics. We also manufacture cotton yarn dyed fabrics which are almost always in demand by the garment manufacturing industry. At present our sales have penetrated our home state of Rajasthan as well as some other states like Gujarat, Maharashtra & Delhi.

Our company was established in the year 2011 with an aim to manufacture of international standard textile fabric. Hence, our company purchased land in Kishangarh, Rajasthan to setup a manufacturing unit which we completed and the unit started commercial production on April 04, 2012 in a record time of 6 months from the date of laying the foundation stone.

In the year 2014, we exposed our product to international markets through Merchant Exporters in which we do not have to face the risk of forex fluctuation. In 2015, our company decided to enter into expansion with backward integration which is a pre-process of fabric weaving. As a result, our company installed and commissioned further machinery of Textile Preparatory (Sizing Machine Plant) in our manufacturing facility in Rajasthan thereby improving the quality and timely delivery of the orders.

In the year 2016, our company decided to set up an office at Ichalkaranji, Maharashtra near the border of Maharashtra and Karnataka with a vision to tap the nearby market regions of fine count shirting fabric primarily and as a result in a niche time SAHAJ became a known name in the market for the manufacturers based there. Due to the appropriate geographical location it is well connected to various important cities of India by the means of road, rail and air transportation.

In the past five financial years as per restated financials our revenues have continuously increased from Rs. 3,264.01 lakhs in FY 2013-14 to Rs. 3,814.93 lakhs in FY 2014-15 to Rs. 6,278.38 lakhs in FY 2015-16 to Rs. 8,349.74 lakhs in FY 2016-17 and further to Rs. 11,197.82 lakhs in FY 2017-18, showing an increase of 16.88%, 64.57%, 32.99% and 34.11%. Our Net Profit After Tax (PAT) for the above mentioned periods were Rs. 26.01 lakhs, Rs. 27.58 lakhs, Rs. 51.76 lakhs, Rs. 57.35 lakhs and Rs. 293.80 lakhs, respectively, showing an increase



of 6.05%, 87.64%, 10.80% and 412.33%. The total revenue of our Company in these 5 financial years has grown at a CAGR of 36.12% and the profit after tax for the same period has grown at a CAGR of 83.33%.

## COMPETITIVE STRENGTHS

Since its inception, our company has worked earnestly towards providing the best quality and timely delivery of products and hence has acquired the following strengths in the industry –

### 1. **World Class Technology:**

We have the world class technology of looms for manufacturing of the fabric. The technology is suitable for manufacturing both type of fabrics viz. Cotton & Polyester and their mix such as polyester cotton blended, polyester viscose, etc. The updated technology also helps us to achieve cost efficiency as a result of higher production. We have world class machinery made in Japan, Germany, etc.

### 2. **Experienced Promoters & Management:**

Mr. Rohit Toshniwal, Promoter of our Company & Mr. Rakesh Choudhary, Marketing Head, both have experience of over 2 decades in the field of manufacturing fabrics. Mr. Rakesh Choudhary has a good and rich experience in sales and marketing of the fabric. They share a great relationship with the big buying houses of textile products in India.

### 3. **In House Preparatory:**

We had installed sizing plant through backward integration which is a pre-process of fabric weaving in our manufacturing process which has resulted in achieving increased efficiency in production with high level of quality improvement.

### 4. **Ability to cater huge demands:**

We cater the demand of fabric higher than our installed capacity since we also outsource the manufacturing of the fabrics on job work basis to reputed and well known units as per the requirements of the fabric. This helps us in achieving time bound delivery of the product to our customers.

### 5. **Comprehensive Product Portfolio:**

We at SAHAJ have a comprehensive portfolio of fabrics such as Cotton Shirting Fabric, Cotton Suiting Fabric, Cotton Lycra Fabrics, and Polyester Uniform Fabric etc. We are capable of supplying all kind of fabrics to cater the wide quality demands of our clients. We are also well equipped to undertake the custom made order of the clients.

## BUSINESS STRATEGY

### 1. **Continue to optimize our product mix to improve margins**

We will continue to actively manage our product mix at each of our plants to ensure maximizing our profit margins. Our Dobby (a process of giving design to fabrics) based suiting products have higher gross margins than our other products.

### 2. **Increase our focus on building our brands**

We plan to spend the majority of our advertising budget on activities such as foreign marketing tours for developing export markets, starting finished fabrics marketing through online retail and wholesale distributor



network, increased marketing base by developing domestic markets such as New delhi, Kanpur etc. Also our major focus shall be to foray into exports of canvas based fabrics to china, USA and other European countries.

### **3. Expansion**

In the upcoming years we are planning to expand our investments in plant and machinery by setting up new Airjet 9200I looms in Ichalakarnaji Maharashtra for catering to shirting markets and exports of grey shirting fabrics. Furthermore we are committed and planning rigorously to make economies of scale as well as working towards the common goal of increasing the value for the stakeholders. We are also very much eager to set up our own research unit which shall help us in understanding the ever changing markets. We are also planning to start yarn trading as the company has a dream to set up its own yarn manufacturing unit before 2020 which is a long term goal.

### **4. Increasing Operational efficiency**

We continue to invest in increasing our operational efficiency throughout the organization. We are addressing the increase in operational output through continuous process improvement, customer service, consistent quality 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.

### **5. Increase sales of our products by reaching out to finished whole sellers and expanding our export markets**

We plan to increase sales of our products by increasing the number of markets by developing newer export avenues. Our strategy is to focus on increasing the width and depth of our product range as the company is planning to use the additional working capital to develop sheeting, exports, home furnishing markets etc.

### **6. Focus on special product development for Exports:**

Our company is planning to put up stalls in the upcoming fairs of grey textiles coming up this year to make a network in international market. By analysing the current requirements in the exports market in technical textiles our company is focussed to develop a technical team for the same. Further, for exports the need is upgraded machinery and the company is planning to fulfil the same by continuously negotiating with the vendors.



## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements for the years ended March 31, 2018, 2017, 2016, 2015 and 2014. These financial statements have been prepared in accordance with Indian GAAP, applicable provisions of the Companies Act, 1956, Companies Act, 2013 and restated in accordance with the SEBI Regulations, and are presented in the section titled “Financial Statements” beginning on page 149. The summary financial information presented below should be read in conjunction with our Restated Financial Statements, the notes thereto and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 181.

### RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Amounts in Lakhs)

Particulars	An nx.	As at, March 31				
		2018	2017	2016	2015	2014
<b>Equity &amp; Liabilities</b>						
Shareholders' Funds						
(a) Share Capital	<b>A</b>	15.44	15.44	14.77	8.97	5.00
(b) Reserves & Surplus	<b>B</b>	1,296.70	1,002.90	908.65	537.96	291.90
<b>Non-Current Liabilities</b>						
(a) Long-term borrowings	<b>C</b>	1,505.31	1,640.74	1,481.46	1,839.42	746.03
(b) Deferred tax liabilities (net)	<b>D</b>	25.25	24.43	22.69	16.95	-
<b>Current liabilities</b>						
(a) Short-term borrowings	<b>E</b>	1,932.45	1,689.34	1,772.50	1,060.82	723.88
(b) Trade payables	<b>F</b>	2,665.36	1,390.24	1,089.66	421.29	196.68
- Dues to Micro & Small Enterprises		-	-	-	-	-
- Dues to Other Than Micro & Small Enterprises		-	-	-	-	-
(c) Other current liabilities	<b>G</b>	178.40	144.11	124.40	34.86	29.68
<b>Total</b>		<b>7,618.91</b>	<b>5,907.20</b>	<b>5,414.12</b>	<b>3,920.28</b>	<b>1,993.17</b>
<b>Assets</b>						
<b>Non-current assets</b>						
(a) Fixed Assets	<b>H</b>	1,460.82	1,620.05	1,803.86	1,719.98	755.03
- Property, Plant & Equipment		-	-	-	-	-
- Intangible Assets		-	-	-	-	-
- Capital Work-In-Progress		-	-	-	128.49	-
(b) Long-term loans and advances	<b>I</b>	25.75	25.75	25.75	105.83	-
(c) Other non-current assets	<b>J</b>	-	-	0.51	1.02	1.52
<b>Current Assets</b>						
(b) Inventories	<b>K</b>	1,956.92	1,472.62	1,295.92	917.08	432.95
(c) Trade Receivables	<b>L</b>	4,050.51	2,665.48	2,049.49	797.65	734.56
(d) Cash & Bank Balances	<b>M</b>	49.12	78.32	149.57	155.04	33.14
(e) Short Term Loans & advances	<b>N</b>	51.43	23.70	35.96	45.37	33.74
(f) Other Current Assets	<b>O</b>	24.37	21.27	53.07	49.83	2.22
<b>Total</b>		<b>7,618.91</b>	<b>5,907.20</b>	<b>5,414.12</b>	<b>3,920.28</b>	<b>1,993.17</b>



**RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS**

(Amounts in Lakhs)

Particulars	An nx	For the Year ended March 31				
		2018	2017	2016	2015	2014
<b>Continuing Operations</b>						
<b>Revenue from operations:</b>	<b>P</b>					
- Sale of Manufactured & Processed Goods		10,748.26	8,335.05	5,931.09	3,779.79	3,235.96
- Other Operating Income		362.25	-	331.50	19.36	-
<b>Net Revenue from operations</b>		<b>11,110.51</b>	<b>8,335.05</b>	<b>6,262.59</b>	<b>3,799.15</b>	<b>3,235.96</b>
Other income	<b>P</b>	87.31	14.69	15.79	15.78	28.06
<b>Total Revenue (A)</b>		<b>11,197.82</b>	<b>8,349.74</b>	<b>6,278.38</b>	<b>3,814.93</b>	<b>3,264.01</b>
<b>Expenses:</b>						
Cost of Materials & Stores Consumed	<b>Q</b>	9,181.97	6,481.61	4,997.00	3,012.55	2,348.27
Changes in inventories of finished goods, WIP and Stock-in-Trade	<b>R</b>	(173.96)	(27.03)	(222.88)	6.29	101.76
Employee benefits expense	<b>S</b>	209.20	161.97	166.29	94.29	84.57
Other expenses	<b>T</b>	897.16	893.22	678.01	326.16	405.80
<b>Total Expenses (B)</b>		<b>10,114.37</b>	<b>7,509.77</b>	<b>5,618.43</b>	<b>3,439.30</b>	<b>2,940.40</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization (C=A-B)</b>		<b>1,083.46</b>	<b>839.96</b>	<b>659.95</b>	<b>375.63</b>	<b>323.61</b>
Finance costs	<b>U</b>	447.43	520.32	348.12	217.08	179.38
Depreciation and amortization expenses		196.83	220.25	240.92	113.27	117.83
<b>Total Dep &amp; Finance Cost (E)</b>		<b>644.26</b>	<b>740.58</b>	<b>589.04</b>	<b>330.35</b>	<b>297.21</b>
<b>Net Profit before exceptional items, extraordinary items and tax (D=C-E)</b>		<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.40</b>
Exceptional items (F)		-	-	-	-	-
<b>Net Profit before extraordinary items and tax (E=C-D)</b>		<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.40</b>
Extraordinary items (G)		-	-	-	-	-
<b>Net Profit before tax (H=F-G)</b>		<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.40</b>
<b>Provision for Tax</b>						
- Current Tax		144.58	22.60	14.21	9.38	5.43
- Tax adjustment of prior years		-	3.25	-	-	-
- Deferred Tax Liability / (Asset)		0.81	1.75	5.74	16.95	-
- MAT Credit Entitlement		-	14.45	(0.79)	(8.63)	(5.03)
<b>Tax Expense for The Year (I)</b>		<b>145.40</b>	<b>42.04</b>	<b>19.16</b>	<b>17.70</b>	<b>0.39</b>
<b>Restated Net Profit after tax from Continuing Operations (J=H-I)</b>		<b>293.80</b>	<b>57.35</b>	<b>51.76</b>	<b>27.58</b>	<b>26.01</b>
<b>Net Profit from Discontinuing Operations (K)</b>		-	-	-	-	-
<b>Restated Net Profit for the year from total operations (L=J+K)</b>	-	<b>293.80</b>	<b>57.35</b>	<b>51.76</b>	<b>27.58</b>	<b>26.01</b>



**RESTATED SUMMARY STATEMENT OF CASH FLOWS**

(Amounts in lakhs)

Particulars	For the Year ended March 31				
	2018	2017	2016	2015	2014
<b>(A) Cash Flow from Operating Activities:</b>					
<b>Net Profit before tax and extraordinary item</b>	<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.01</b>
<i>Adjustments for:</i>					
Depreciation and amortization expense	196.83	220.25	241.43	113.78	118.34
Finance Cost	447.43	520.32	348.12	217.08	179.38
Interest Received / Other Non-Operative Receipts	(87.31)	(14.69)	(15.79)	(15.78)	(28.06)
<b>Operating Profit before Changes in Operating Assets &amp; Liabilities</b>	<b>996.15</b>	<b>825.28</b>	<b>644.67</b>	<b>360.36</b>	<b>295.67</b>
<i>Adjustments for:</i>					
(Increase)/Decrease in inventories	(484.29)	(176.71)	(378.84)	(484.13)	90.05
(Increase)/Decrease in trade and other receivables	(1,385.03)	(615.99)	(1,251.84)	(63.09)	(267.49)
(Increase)/Decrease in Short Term Loans & Advances	(27.73)	12.26	9.41	(11.63)	(30.11)
(Increase)/Decrease in Other Current Assets	(3.09)	31.80	(3.25)	(47.60)	(1.26)
Increase/(Decrease) in Trade Payables	1,275.12	300.58	668.37	224.62	(29.37)
Increase/(Decrease) in Other Current Liabilities	(110.29)	(20.58)	76.13	4.43	(16.07)
Increase/(Decrease) in Short & Long-Term Provisions	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-
<b>Changes in Operating Assets &amp; Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash Flow from Extra-Ordinary Items	-	-	-	-	-
<b>Cash Generated from Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Taxes Paid	-	-	-	-	-
<b>Net Cash from Operating Activities (A)</b>	<b>260.84</b>	<b>356.63</b>	<b>(235.35)</b>	<b>(17.04)</b>	<b>41.42</b>
<b>(B) Cash Flow from Investing Activities:</b>					
Fixed Assets Purchased (Net)	(37.61)	(35.94)	(196.31)	(1,206.72)	14.51
Interest Received/ Other Non-Operative Receipts	87.31	14.69	15.79	15.78	28.06
(Increase)/Decrease in Long Term Loans & Advances	-	-	80.07	(105.83)	3.90
<i>Adjustments for:</i>					
Current & Non-Current Investments	-	-	-	-	-
<b>Net Cash from Investing Activities (B)</b>	<b>49.70</b>	<b>(21.25)</b>	<b>(100.44)</b>	<b>(1,296.77)</b>	<b>46.46</b>
<b>(C) Cash Flow from Financing Activities:</b>					
Proceeds from Short term borrowings	243.11	(83.16)	711.68	336.94	252.93
Proceeds from Long term borrowings	(135.43)	159.28	(357.96)	1,093.39	(152.56)
Proceeds from issue of Share Capital	-	37.58	324.72	222.45	-
Finance Cost	(447.43)	(520.32)	(348.12)	(217.08)	(179.38)
<b>Net Cash from Financing Activities (C)</b>	<b>(339.75)</b>	<b>(406.62)</b>	<b>330.31</b>	<b>1,435.70</b>	<b>(79.01)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(29.22)</b>	<b>(71.24)</b>	<b>(5.48)</b>	<b>121.90</b>	<b>8.88</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>78.32</b>	<b>149.57</b>	<b>155.04</b>	<b>33.14</b>	<b>24.26</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>49.11</b>	<b>78.32</b>	<b>149.57</b>	<b>155.04</b>	<b>33.14</b>

## THE ISSUE

Particulars	Number of Equity Shares
Equity Shares Offered	26,70,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of Rs. 42/- per Equity Share aggregating Rs. 1,121.40 lakhs.
<b>Fresh Issue Consisting of</b>	
Issue Reserved for Market Maker	1,38,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of Rs. 42/- per Equity Share aggregating Rs. 57.96 lakhs.
Net Issue to the Public	25,32,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of Rs. 42/- per Equity Share aggregating Rs. 1,063.44 lakhs.
	of which:
	12,66,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of Rs. 42/- per Equity Share will be available for allocation to investors up to Rs. 2.00 Lakhs
	12,66,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of Rs. 42/- per Equity Share will be available for allocation to investors above Rs. 2.00 Lakhs
<b>Pre-Issue &amp; Post Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	74,12,160 Equity Shares
Equity Shares outstanding after the Issue	1,00,82,160 Equity Shares
Objects of the Issue	See the chapter titled “Objects of the Issue” on page 71

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations. The Issue is being made through the Fixed Price Process and hence, as per Regulation 43, sub regulation (4) of SEBI (ICDR) Regulations, the allocation in the net issue to public category shall be made as follows:

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

For the purpose of Regulation 43(4), if the retail individual investor category is entitled to more than fifty percent, on proportionate basis, the retail individual investors shall be allocated that higher percentage.

For further details please refer to chapter titled “Issue Structure” beginning on page 220.



## GENERAL INFORMATION

Our Company was incorporated as Sahaj Fashions Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated May 20, 2011 in Roc of Jaipur. Later our company was converted into a Public Limited Company pursuant to Shareholders Resolution dated April 02, 2018 and the name of our Company was changed to “Sahaj Fashions Limited” vide fresh Certificate of Incorporation dated April 17, 2018 having CIN U17119RJ2011PLC035248 issued by the Registrar of Companies, Jaipur.

For further details please refer to chapter titled “*Our History and Certain Other Corporate Matters*” beginning on Page 119.

### REGISTERED AND CORPORATE OFFICE OF OUR COMPANY

#### SAHAJ FASHIONS LIMITED

Shree Bhawan, Ajmer Road,

Madanganj Kishangarh,

Rajasthan 305801, India

**Tel. No.:** +91 1463 246782

**E-mail:** info@sahajfashions.com

**Website:** www.sahajfashions.com

**Registration Number:** 035248

**Corporate Identification Number:** U17119RJ2011PLC035248

### MANUFACTURING FACILITIES OF OUR COMPANY

#### Unit – Rajasthan

Khasra No. 1474, 1629, 1648/7770, 1674/7769, Kalyan Shree Industrial Estate, Village: Shreenagar, Nasirabad-Kishangarh Four Lane Expressway, Distt. Ajmer, Rajasthan – 305025

### REGISTRAR OF COMPANIES

#### REGISTRAR OF COMPANIES, JAIPUR

C/6-7, 1st Floor, Residency Area,

Civil Lines, Jaipur-302001

**Website-**www.mca.gov.in

### DESIGNATED STOCK EXCHANGE

#### NATIONAL STOCK EXCHANGE OF INDIA LIMITED (EMERGE PLATFORM)

Exchange Plaza, Plot No. C/1, G Block,

Bandra - Kurla Complex, Bandra (E),

Mumbai-400051, India

For details in relation to the changes to the name of our Company, please refer to the chapter titled, “*Our History and Certain Other Corporate Matters*” beginning on page 119.

## BOARD OF DIRECTORS OF OUR COMPANY

Sr. No.	Name	Age	DIN	Address	Designation
1.	Rohit Toshniwal	58	03507310	Shree Bhawan, Ajmer Road, Madanganj, Kishangarh – 305 081 Rajasthan, India	Chairman & Whole-Time Director
2.	Norat Mal Choudhary	69	03558999	36, Gopi Sadan, Adarsh Nagar, Ajmer – 305 001, Rajasthan, India	Managing Director
3.	Prabha Lakhota	52	03559805	M-2, Ana Sagar Link Road, Ajmer – 305 001, Rajasthan, India	Non-Executive Director
4.	Sadhana Toshniwal	54	03515653	Shree Bhawan, Ajmer Road, Madanganj, Kishangarh – 305 081 Rajasthan, India	Non-Executive Director
5.	Shreya Garg	30	05335675	115/10, Opp. Savitri Primary School, Civil Line, Ajmer – 305 001, Rajasthan, India	Non- Executive & Independent Director
6.	Ajay Jhanjhari	32	08178801	Teli Mohalla, Kishangarh – 305 801, Rajasthan, India	Non- Executive & Independent Director

For further details of our Directors, please refer to the chapter titled “Our Management” beginning on page 123.

## COMPANY SECRETARY AND COMPLIANCE OFFICER

**Ms. NIKITA DAGA**

**SAHAJ FASHIONS LIMITED**

Shree Bhawan, Ajmer Road,

Madanganj Kishangarh,

Rajasthan – 305 801, India

**Tel. No.:** +91 1463 246782

**E-mail:** cs@sahajfashions.com

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

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

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



## **CHIEF FINANCIAL OFFICER**

**Mr. MUKUL LAKHOTIA**

**SAHAJ FASHIONS LIMITED**

Shree Bhawan, Ajmer Road,

Madanganj Kishangarh,

Rajasthan – 305 801, India

**Tel. No.:** +91 1463 246782

**E-mail:** mukul.lakhotia@gmail.com

## **STATUTORY AUDITORS**

**BNG & ASSOCIATES LLP**

Chartered Accountants

3<sup>rd</sup> Floor, 307/309, Kolbadevi Road,

Mumbai – 400 002

**Tel:** +91 77 2788 7799

**Contact Person:** Mr. Harsh Jain

**Firm Registration No.:** 138784 W/W 100071

**Membership No.:** 414621

**E-mail:** reachus@bngassociates.in

## **PEER REVIEW AUDITORS**

**M/S PATEL SHAH & JOSHI**

Chartered Accountants

501-503, Sheel Chambers, 5<sup>th</sup> Floor,

10, Cawasji Patel Street, Fort, Mumbai – 400001

**Tel:** +91 9892477461, 022 22871591

**E-mail:** psjbom@gmail.com

**Contact Person:** Mr. Jayant Mehta

**ICAI Membership No.:** 42630

**Firm Registration No.:** 107768W

**Peer Review Certificate No.:** 009080



## LEAD MANAGER TO THE ISSUE

### **KHAMBATTA SECURITIES LIMITED**

**B.O.:**

C-42, South Extension Part II,  
New Delhi – 110 049

**Tel:** (011) 41645051

**Fax:** (011) 41644896

**Contact Person:** Mr. Vipin Aggarwal

**Email:** ipo@khambattasecurities.com

**Investor Grievance Email:**

mbcomplaints@khambattasecurities.com

**SEBI Regn. for Merchant Banking Activities:**  
INM000011914

**H.O.:**

#1, Ground Floor, 7/10 Botawala Building,  
9 Bank street, Horniman Circle Fort,

Mumbai – 400 001

**Tel:** (022) 40273300

**Fax:** (022) 22654652

**Contact Person:** Mr. Ronak Jhaveri

**Email:** ipo@khambattasecurities.com

**Investor Grievance Email:**

mbcomplaints@khambattasecurities.com

**SEBI Regn. for Merchant Banking Activities:**  
INM000011914

## REGISTRAR TO THE ISSUE

### **BIGSHARE SERVICES PRIVATE LIMITED**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East, Mumbai – 400 059.

**Tel:** (022) 62638200

**Fax:** (022) 62638299

**E-mail:** ipo@bigshareonline.com

**Website:** www.bigshareonline.com

**Contact Person:** Mr. Srinivas Dornala

**SEBI Registration No.:** INR000001385

## LEGAL ADVISOR TO THE ISSUE

### **SANDEEP KUMAR DAGAR & ASSOCIATES**

Advocates & Solicitors

Chamber No. 211, Adm. Block, Delhi High Court, Delhi.

Chamber No. 451-452, Civil Wing, Tis Hazari Court, Delhi

**Tel:** 09599143903

**E-mail:** advocatesandeep89@gmail.com

**Contact Person:** Mr. Sandeep Kumar Dagar



## **BANKER & LENDER TO THE COMPANY**

### **HDFC BANK LIMITED**

Near Daak Bungalow, Ajmer Road,  
Madanganj, Kishangarh – 305801, India  
**Tel:** +91 93 5155 8169

**Contact Person:** Mr. Sumit M Agarwal

**Email Id:** sumitm.agarwal@hdfcbank.com

*Note: Our Company has received the No Objection Certificate from HDFC Bank Ltd on July 27, 2018 for this Issue.*

## **BANKER TO THE ISSUE/ PUBLIC ISSUE BANK**

*[Will be finalized before filing of Final Prospectus]*

## **REFUND BANKER**

*[Will be finalized before filing of Final Prospectus]*

## **SELF CERTIFIED SYNDICATE BANKS**

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (ASBA) Process are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the ASBA Application Form, please refer to the above-mentioned SEBI link.

## **CREDIT RATING FOR THIS ISSUE**

This being an issue of Equity shares, credit rating is not mandatory.

## **IPO GRADING FOR THIS ISSUE**

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

## **APPRAISAL AND MONITORING AGENCY**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 10,000 Lakhs. Since the Issue size is only of Rs. 1,121.40 Lakhs, our Company has not appointed any monitoring agency for this Issue. However, the Audit Committee of our Company would be monitoring the utilization of the proceeds of the Issue.

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

Since Khambatta Securities Limited is the sole Lead Manager to this Issue, a statement of inter se allocation of responsibilities among Lead Managers is not applicable.

## **EXPERT OPINION**

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

## **DEBENTURE TRUSTEE**

Since this is not a debenture issue, appointment of debenture trustee is not required.

## UNDERWRITER

Our Company and LM to the issue hereby confirm that the Issue is 100% Underwritten. The Underwriting Agreement is dated [●] pursuant to the terms of the underwriting agreement; the obligations of the underwriter are subject to certain conditions specified therein. The underwriter has indicated its intention to underwrite the following number of specified securities being offered through this Issue.

[●]

In the opinion of the Board of Directors of the Company, the resources of the above-mentioned underwriter are sufficient to enable them to discharge their respective underwriting obligations in full. Further, the underwriter shall not be paid any commission.

## DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company and the Lead Manager have entered into a tripartite agreement dated August 21, 2018 with the following Market Maker, duly registered with National Stock Exchange of India Limited to fulfill the obligations of Market Making:

### **INDO JATALIA SECURITIES PRIVATE LIMITED**

102, 1<sup>st</sup> Floor, Jhilmil Metro Complex,

Above State Bank of India,

Jhilmil, Delhi-110095, India

**Tel:** 011-22893600/699

**E-mail:** info@indojatalia.in, compliance@indojatalia.in

**Contact Person:** Mr. P.K. Jain

**SEBI Registration No.:** INB231449530

Indo Jatalia Securities Private Limited, registered with SME segment (NSE-EMERGE) of NSE will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI (ICDR) Regulations.

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

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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be Rs. 1,00,000/-. However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. After a period of three 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 (Including the 1,38,000 Equity Shares out to be allotted under this Issue.) Any Equity Shares allotted to Market Maker under this Issue over and above 1,38,000 Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduce to 24% of Issue Size, the market maker will resume providing 2-way quotes.



4. There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
6. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors. At this stage, Indo Jatalia Securities Private Limited is acting as the sole Market Maker.
7. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
8. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
9. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
10. The Market Maker(s) shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker(s) in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further the Company and the Lead Manager reserve the right to appoint other Market Maker(s) either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed 5 (five) or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our registered office, India from 11.00 a.m. to 5.00 p.m. on working days.

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

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.



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

<b>Offer Size</b>	<b>Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size)</b>	<b>Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size)</b>
Up to Rs. 20 Crores	25%	24%
Rs. 20 to Rs. 50 Crores	20%	19%
Rs. 50 to Rs. 80 Crores	15%	14%
Above Rs. 80 Crores	12%	11%

The Market Making arrangement, trading and other related aspects including all those specified above shall be subject to the applicable provisions of law and/or norms issued by SEBI/NSE from time to time.

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



## CAPITAL STRUCTURE

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

(Rs. In lakhs except share data)

Sr. No	Particulars	Aggregate Value	
		Face Value	Issue Price
<b>A</b>	<b>AUTHORISED SHARE CAPITAL</b>		
	1,01,00,000 Equity Shares of face value of Rs. 10/- each	1,010.00	
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
	74,12,160 fully paid up Equity Shares of face value of Rs. 10/- each	741.22	
<b>C</b>	<b>PRESENT ISSUE IN TERMS OF DRAFT PROSPECTUS*</b>		
	26,70,000 Equity Shares of face value of Rs. 10/- each at a premium of Rs. 32/- per Equity Share	267.00	1,121.40
	Which comprises of		
	1,38,000 Equity Shares of face value of Rs.10/- each at a premium of Rs. 32/- per Equity Share reserved as Market Maker portion	13.80	57.96
	Net Issue to Public of 25,32,000 Equity Shares of face value of Rs. 10/- each at a premium of Rs. 32/- per Equity Share to the Public	253.20	1,063.44
	Of which		
	12,66,000 Equity Shares of face value of Rs. 10/- each at a premium of Rs. 32/- per Equity Share will be available for allocation to Investors up to Rs. 2.00 Lakhs	126.60	531.72
	12,66,000 Equity Shares of face value of Rs. 10/- each at a premium of Rs. 32/- per Equity Share will be available for allocation to Investors above Rs. 2.00 Lakhs	126.60	531.72
<b>D</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE</b>		
	1,00,82,160 Equity Shares of face value of Rs. 10/- each	1,008.22	

<b>E</b>	<b>SECURITIES PREMIUM ACCOUNT</b>	
	Before the Issue	131.36
	After the Issue	985.76

*\*The Issue has been authorized pursuant to a resolution of our Board dated August 13, 2018 and by Special Resolution passed under Section 62 (1) (c) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held on August 20, 2018.*

The Company has only one class of share capital i.e. Equity Shares of face value of Rs. 10/- each only. All Equity Shares issued are fully paid-up.

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

### **NOTES TO THE CAPITAL STRUCTURE:**

History of change in authorized Equity Share capital of Our Company

- The Initial Authorized Share Capital of Rs. 5,00,000 (Rupees Five Lakhs only) consisting of 50,000 Equity shares of face value of Rs. 10/- each was increased to Rs. 10,00,000 (Rupees Ten Lakhs only) consisting of 1,00,000 Equity Shares of face value of Rs.10/- each pursuant to a resolution of the shareholders dated July 22, 2014.
- The Authorized Share Capital of Rs. 10,00,000 (Rupees Ten Lakhs only) consisting of 1,00,000 Equity shares of face value of Rs. 10/- each was increased to Rs. 13,00,000 (Rupees Thirteen Lakhs only) consisting of 1,30,000 Equity Shares of face value of Rs.10/- each pursuant to a resolution of the shareholders dated August 31, 2015.
- The Authorized Share Capital of Rs. 13,00,000 (Rupees Thirteen Lakhs only) consisting of 1,30,000 Equity shares of face value of Rs. 10/- each was increased to Rs. 20,00,000 (Rupees Twenty Lakhs only) consisting of 2,00,000 Equity Shares of face value of Rs.10/- each pursuant to a resolution of the shareholders dated November 16, 2015.
- The Authorized Share Capital of Rs. 20,00,000 (Rupees Twenty Lakhs only) consisting of 2,00,000 Equity shares of face value of Rs. 10/- each was increased to Rs. 10,10,00,000 (Rupees Ten Crores Ten Lakhs only) consisting of 1,01,00,000 Equity Shares of face value of Rs.10/- each pursuant to a resolution of the shareholders dated August 10, 2018.

#### 1. Equity Share Capital History:

Date of Allotment	No. of Shares Allotted	Face Value	Issue Price	Nature of Allotment	Nature of Consideration	Cumulative No. of Shares	Cumulative Paid up Capital
On Incorporation	10,000	10	10	Subscription to MOA <sup>(1)</sup>	Cash	10,000	1,00,000
September 29, 2011	20,000	10	750	Further Allotment <sup>(2)</sup>	Cash	30,000	3,00,000
November 20, 2011	13,410	10	740	Further Allotment <sup>(3)</sup>	Cash	43,410	4,34,100
September 7, 2012	6,590	10	560	Further Allotment <sup>(4)</sup>	Cash	50,000	50,00,000



October 11, 2014	30,400	10	560	Rights Issue <sup>(5)</sup>	Cash	80,400	8,04,000
March 30, 2015	9,324	10	560	Rights Issue <sup>(6)</sup>	Cash	89,724	8,97,240
January 23, 2016	40,103	10	560	Rights Issue <sup>(7)</sup>	Cash	1,29,827	12,98,270
March 18, 2016	17,883	10	560	Rights Issue <sup>(8)</sup>	Cash	1,47,710	14,77,100
March 31, 2017	6,710	10	560	Rights Issue <sup>(9)</sup>	Cash	1,54,420	15,44,200
August 28, 2018	72,57,740	10	-	Bonus Issue <sup>(10)</sup>	Consideration other than Cash	74,12,160	7,41,21,600

(1) Initial Subscribers to Memorandum of Association hold 10,000 Equity Shares each of face value of Rs. 10/- fully paid up as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mr. Rohit Toshniwal	2,500
2.	Mrs. Sadhana Toshniwal	2,500
3.	Mrs. Prabha Lakhota	2,500
4.	Mr. Norat Mal Choudhary	2,500
	<b>Total</b>	<b>10,000</b>

(2) The Company allotted 20,000 Equity Shares of face value of Rs. 10/- each on a premium of Rs. 740 as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mr. Rohit Toshniwal	6,800
2.	Mrs. Sadhana Toshniwal	3,600
3.	Mr. Norat Mal Choudhary	3,600
4.	Mrs. Prabha Lakhota	4,100
5.	Mr. Rakesh Choudhary	1,900
	<b>Total</b>	<b>20,000</b>

(3) The Company allotted 13,410 Equity Shares of face value of Rs. 10/- each on a premium of Rs. 730 as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mr. Rohit Toshniwal	2,200
2.	Mrs. Sadhana Toshniwal	6,400
3.	Mr. Norat Mal Choudhary	1,200
4.	Mrs. Prabha Lakhota	1,800

Sr. No	Name of Person	No. of Shares Allotted
5.	Mr. Rakesh Choudhary	1,800
6.	HDK International Pvt Ltd	10
	<b>Total</b>	<b>13,410</b>

- (4) The Company allotted 6,590 Equity Shares of face value of Rs. 10/- each on a premium of Rs. 550 as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mr. Rohit Toshniwal	514
2.	Mr. Norat Mal Choudhary	994
3.	Mrs. Prabha Lakhotia	1,567
4.	Mr. Rakesh Choudhary	74
5.	HDK International Pvt Ltd	3,421
6.	Mrs. Sunita Bangur	10
7.	Mrs. Shashi Bangur	10
	<b>Total</b>	<b>6,590</b>

- (5) The Company allotted 30,400 Equity Shares of face value of Rs. 10/- each on a premium of Rs. 550 per share on Rights basis as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mr. Rohit Toshniwal	4,500
2.	Mrs. Sadhana Toshniwal	9,000
3.	Mr. Norat Mal Choudhary	1,500
4.	Mrs. Prabha Lakhotia	1,400
5.	HDK International Pvt Ltd	14,000
	<b>Total</b>	<b>30,400</b>

- (6) The Company allotted 9,324 Equity Shares of face value of Rs. 10/- each on a premium of Rs. 550 on Rights basis as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mr. Rohit Toshniwal	3,000
2.	Mrs. Prabha Lakhotia	6,324
	<b>Total</b>	<b>9,324</b>



- (7) The Company allotted 40,103 Equity Shares of face value of Rs. 10/- each on a premium of Rs. 550 on Rights basis as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mr. Rohit Toshniwal	1,541
2.	HDK International Pvt Ltd	35,883
3.	Mr. Moti Lal Maheshwari	2,679
	<b>Total</b>	<b>40,103</b>

- (8) The Company allotted 17,883 Equity Shares of face value of Rs. 10/- each at a premium of Rs. 550 on Rights basis as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	HDK International Pvt Ltd	17,883
	<b>Total</b>	<b>17,883</b>

- (9) The Company allotted 6,710 Equity Shares of face value of Rs. 10/- each at a premium of Rs. 550 on Rights basis as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mr. Norat Mal Choudhary	6,710
	<b>Total</b>	<b>6,710</b>

- (10) The Company allotted 72,57,740 Equity Shares as Bonus Shares of face value Rs. 10/- each in the ratio of 47 Equity Shares for every 1 Equity Share held as per the details given below:

Sr. No	Name of Person	No. of Shares Allotted
1.	Mrs. Sadhana Toshniwal	10,10,500
2.	Mr. Rohit Toshniwal	9,89,585
3.	Mrs. Prabha Lakhotia	8,31,477
4.	Mr. Norat Mal Choudhary	7,75,688
5.	Vijay Trading	4,80,716
6.	Gayatri Trading	4,58,532
7.	Usha Investments	4,24,927
8.	Aruna Trading	3,92,732
9.	Nitin International	3,77,692
10.	Maheshwari International	3,55,226
11.	Sahaj Corporation	3,54,709

Sr. No	Name of Person	No. of Shares Allotted
12.	Toshniwal Corporation	3,27,825
13.	Mr. Rakesh Choudhary	1,77,378
14.	Mr. Ankur Shah	1,74,840
15.	Mr. Moti Lal Maheshwari	1,25,913
	<b>Total</b>	<b>72,57,740</b>

2. Except as mentioned below we have never issued Equity Shares for consideration other than cash –

Date of Allotment	Number of Equity Shares	Face Value (in Rs)	Issue Price (in Rs)	Reason for Allotment	Allottees	Number of shares Allotted
August 28, 2018	72,57,740	10	Nil	Bonus Issue of Equity Shares in the Ratio of 47:1	Mrs. Sadhana Toshniwal	10,10,500
					Mr. Rohit Toshniwal	9,89,585
					Mrs. Prabha Lakhotia	8,31,477
					Mr. Norat Mal Choudhary	7,75,688
					Vijay Trading	4,80,716
					Gayatri Trading	4,58,532
					Usha Investments	4,24,927
					Aruna Trading	3,92,732
					Nitin International	3,77,692
					Maheshwari International	3,55,226
					Sahaj Corporation	3,54,709
					Toshniwal Corporation	3,27,825
					Mr. Rakesh Choudhary	1,77,378
					Mr. Ankur Shah	1,74,840
Mr. Moti Lal Maheshwari	1,25,913					
	<b>Total</b>	<b>72,57,740</b>				

3. We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 391- 394 of the Companies Act, 1956 or under section 230-234 of the Companies Act, 2013.

4. We have not issued any equity shares in last one year at price below Issue Price except the Bonus Shares allotted on August 28, 2018 as detailed above.



5. Details of shareholding of promoters.

**A. Rohit Toshniwal**

Date of Allotment/ Transfer	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	No. of Shares Pledged	% of Shares Pledged
On Incorporation	2,500	10	10	Subscription to MOA	0.03%	0.02%	-	-
September 29, 2011	6,800	10	750	Further Allotment	0.09%	0.07%	-	-
November 20, 2011	2,200	10	740	Further Allotment	0.03%	0.02%	-	-
September 7, 2012	514	10	560	Further Allotment	0.01%	0.01%	-	-
October 11, 2014	4,500	10	560	Rights Issue	0.06%	0.04%	-	-
March 30, 2015	3,000	10	560	Rights Issue	0.04%	0.03%	-	-
January 23, 2016	1,541	10	560	Rights Issue	0.02%	0.02%	-	-
August 28, 2018	9,89,585	10	Nil	Bonus Issue	13.35%	9.82%	-	-
<b>Total</b>	<b>10,10,640</b>				<b>13.63%</b>	<b>10.02%</b>		

**B. Norat Mal Choudary**

Date of Allotment/ Transfer	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	No. of Shares Pledged	% of Shares Pledged
On Incorporation	2,500	10	10	Subscription to MOA	0.03%	0.02%	-	-
September 29, 2011	3,600	10	750	Further Allotment	0.05%	0.04%	-	-
November 20, 2011	1,200	10	740	Further Allotment	0.02%	0.01%	-	-

September 7, 2012	994	10	560	Further Allotment	0.01%	0.01%	-	-
October 11, 2014	1,500	10	560	Rights Issue	0.02%	0.01%	-	-
March 31, 2017	6,710	10	560	Rights Issue	0.09%	0.07%	-	-
August 28, 2018	7,75,688	10	Nil	Bonus Issue	10.47%	7.69%	-	-
<b>Total</b>	<b>7,92,192</b>				<b>10.69%</b>	<b>7.86%</b>		

### C. Prabha Lakhotia

Date of Allotment/ Transfer	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	No. of Shares Pledged	% of Shares Pledged
On Incorporation	2,500	10	10	Subscription to MOA	0.03%	0.02%	-	-
September 29, 2011	4,100	10	750	Further Allotment	0.06%	0.04%	-	-
November 20, 2011	1,800	10	740	Further Allotment	0.02%	0.02%	-	-
September 7, 2012	1,567	10	560	Further Allotment	0.02%	0.02%	-	-
October 11, 2014	1,400	10	560	Rights Issue	0.02%	0.01%	-	-
March 30, 2015	6,324	10	560	Rights Issue	0.09%	0.06%	-	-
August 28, 2018	8,31,477	10	Nil	Bonus Issue	11.22%	8.25%	-	-
<b>Total</b>	<b>8,49,168</b>				<b>11.46%</b>	<b>8.42%</b>		

6. Our Promoter Group, Directors and their immediate relatives have not purchased/sold Equity Shares of the Company during last 6 months.
7. Our Promoters have confirmed to the Company and the Lead Manager that the Equity Shares held by our Promoters have been financed from their personal funds or their internal accruals, as the case may be, and no loans or financial assistance from any bank or financial institution has been availed by them for this purpose.
8. There are no financing arrangements whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal



course of the business of the financing entity during the period of six months immediately preceding the date of filing offer document with the Stock Exchanges.

**9. Details of Promoter’s Contribution locked in for three years:**

Pursuant to Regulation 32 and 36 of SEBI (ICDR) Regulations not less than 20% of the post-issue capital held by our Promoters shall be considered as Promoters’ Contribution (“Promoters Contribution”) and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters’ Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters have granted consent to include such number of Equity Shares held by them as may constitute 20.11 % of the post-issue Equity Share Capital of our Company as Promoters Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution from the date of filing of this Draft Prospectus until the completion of the lock-in period specified above.

Date of allotment & Date when made fully paid up	No. of Shares Allotted and considered for Lock - in	Face Value	Issue Price	Nature of Allotment	% of Post Issue Capital
<b>Mr. Rohit Toshniwal</b>					
August 28, 2018	7,74,000	10	Nil	Bonus Issue	7.68%
<b>Total</b>	<b>7,74,000</b>				<b>7.68%</b>
<b>Mr. Norat Mal Choudhary</b>					
August 28, 2018	6,06,000	10	Nil	Bonus Issue	6.01%
<b>Total</b>	<b>6,06,000</b>				<b>6.01%</b>
<b>Mrs. Prabha Lakhotia</b>					
August 28, 2018	6,48,000	10	Nil	Bonus Issue	6.43%
<b>Total</b>	<b>6,48,000</b>				<b>6.43%</b>
<b>Grand Total</b>	<b>20,28,000</b>				<b>20.11%</b>

We further confirm that as per Regulation 33 of SEBI (ICDR) Regulations, the aforesaid minimum Promoter Contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Initial Public Offer.
- The Equity Shares held by the Promoters and offered for minimum Promoters’ Contribution are not subject to any pledge.



- Equity shares issued to our Promoters on conversion of partnership firm into limited company during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Initial Public Offer.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoters' Contribution subject to lock-in.

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

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, as applicable.

#### **10. Details of share capital locked in for one year**

In addition to minimum 20% of the Post-Issue shareholding of our Company held by the Promoters (locked in for three years as specified above), in accordance with regulation 36 of SEBI (ICDR) Regulations, the entire pre-issue share capital of our Company shall be locked in for a period of one year from the date of Allotment in this Issue.

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



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

I. Summary of Shareholding Pattern

Category Code	Category of shareholder	No. Of shareholders	No. of fully paid up equity shares held	No. of Partly paid up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities*			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share Capital) As a % of (A+B+C 2)	Number of locked in Shares**		Number of Shares pledged or otherwise encumbered		Number of shares held in dematerialized form	
								No. of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total shares held (B)	No. (a)		As a % of total shares held (B)
								Class X	Class Y	Total								
I	II	III	IV	V	VI	VII=IV+V+VI	VIII	IX			X	XI=VII+X	XII		XIII	XIV		
(A)	Promoters and Promoter Group	14	72,33,600	-	-	72,33,600	97.59	72,33,600	-	72,33,600	97.59	-	97.59	72,33,600	97.59	-	-	72,33,600

(B)	Public	1	1,78,560	-	-	1,78,560	2.41	1,78,560	-	1,78,560	2.41	-	2.41	1,78,560	2.41	-	-	1,78,560
(C)	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>15</b>	<b>74,12,160</b>	<b>-</b>	<b>-</b>	<b>74,12,160</b>	<b>100.00</b>	<b>74,12,160</b>	<b>-</b>	<b>74,12,160</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>	<b>74,12,160</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>74,12,160</b>

\*As on the date of this Draft Prospectus 1 Equity Share holds 1 vote.

\*\*Shall be locked-in on or before the date of allotment in this Issue.

\*In terms of SEBI circular bearing no. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearing no. SEBI/Cir/ISD/05/2011, dated September 30, 2011, the Equity Shares held by the Promoters/Promoter Group Entities and 50% of the Equity Shares held by the public shareholders shall be dematerialised prior to filing the Prospectus with the RoC.

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI (LODR) Regulations, 2015 one day prior to the listing of the equity shares. The shareholding pattern will be uploaded on the website of NSE (National Stock Exchange of India Limited) before commencement of trading of such Equity Shares.



## B. Shareholding of our Promoters and Promoter Group

The table below presents the current shareholding pattern of our Promoters and Promoter Group.

Sr. No.	Name of the Shareholder	Pre – Issue		Post – Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Post-Issue Capital
(I)	(II)	(III)	(IV)	(V)	(VI)
	<b>Promoters</b>				
1	Mr. Rohit Toshniwal	10,10,640	13.63	10,10,640	10.02
2	Mr. Norat Mal Choudhary	7,92,192	10.69	8,49,168	7.86
3	Mrs. Prabha Lakhotia	8,49,168	11.46	7,92,192	8.42
	<b>Promoters Group</b>				
4	Mrs. Sadhana Toshniwal	10,32,000	13.92	10,32,000	10.24
5	Vijay Trading	4,90,944	6.62	4,90,944	4.87
6	Gayatri Trading	4,68,288	6.32	4,68,288	4.64
7	Usha Investments	4,33,968	5.85	4,33,968	4.30
8	Aruna Trading	4,01,088	5.41	4,01,088	3.98
9	Nitin International	3,85,728	5.20	3,85,728	3.83
10	Maheshwari International	3,62,784	4.89	3,62,784	3.60
11	Sahaj Corporation	3,62,256	4.89	3,62,256	3.59
12	Toshniwal Corporation	3,34,800	4.52	3,34,800	3.32
13	Mr. Rakesh Choudhary	1,81,152	2.44	1,81,152	1.80
14	Mr. Moti Lal Maheshwari	1,28,592	1.73	1,28,592	1.28
	<b>Total</b>	<b>72,33,600</b>	<b>97.57</b>	<b>72,33,600</b>	<b>71.75</b>



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

Name of the Promoters	No. of Shares held	Average cost of Acquisition (in Rs.)
Mr. Rohit Toshniwal	10,10,640	11.98
Mr. Norat Mal Choudhary	7,92,192	11.07
Mrs. Prabha Lakhotia	8,49,168	11.35

#### Equity Shares held by top Ten shareholders

Our top Ten shareholders and the number of Equity Shares held by them as on date of this Draft Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of pre-Issue capital
1.	Mrs. Sadhana Toshniwal	10,32,000	13.92
2.	Mr. Rohit Toshniwal	10,10,640	13.63
3.	Mr. Norat Mal Choudhary	7,92,192	10.69
4.	Mrs. Prabha Lakhotia	8,49,168	11.46
5.	Vijay Trading	4,90,944	6.62
6.	Gayatri Trading	4,68,288	6.32
7.	Usha Investments	4,33,968	5.85
8.	Aruna Trading	4,01,088	5.41
9.	Nitin International	3,85,728	5.20
10.	Maheshwari International	3,62,784	4.89
	<b>Total</b>	<b>62,26,800</b>	<b>84.01</b>

Our top Ten shareholders and the number of Equity Shares held by them ten days prior to the date of this Draft Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of Issued Capital
1.	Mrs. Sadhana Toshniwal	10,32,000	13.92
2.	Mr. Rohit Toshniwal	10,10,640	13.63
3.	Mr. Norat Mal Choudhary	7,92,192	10.69



Sr. No.	Name of shareholder	No. of Shares	% age of Issued Capital
4.	Mrs. Prabha Lakhotia	8,49,168	11.46
5.	Vijay Trading	4,90,944	6.62
6.	Gayatri Trading	4,68,288	6.32
7.	Usha Investments	4,33,968	5.85
8.	Aruna Trading	4,01,088	5.41
9.	Nitin International	3,85,728	5.20
10.	Maheshwari International	3,62,784	4.89
	<b>Total</b>	<b>62,26,800</b>	<b>84.01</b>

Our top Nine\* shareholders and the number of Equity Shares held by them two years prior to date of this Draft Prospectus are as under:

Sr. No.	Name of shareholder	No. of Shares	% age of Issued Capital
1.	HDK International Pvt Ltd	71,197	48.20
2.	Mrs. Sadhana Toshniwal	21,500	14.56
3.	Mr. Rohit Toshniwal	21,055	14.25
4.	Mrs. Prabha Lakhotia	17,691	11.98
5.	Mr. Norat Mal Choudhary	9,794	6.63
6.	Mr. Rakesh Choudhary	3,774	2.56
7.	Mr. Moti Lal Maheshwari	2,679	1.81
8.	Mrs. Sunita Bangur	10	0.01
9.	Mrs. Shashi Bangur	10	0.01
	<b>Total</b>	<b>1,47,710</b>	<b>100.00</b>

\* For the period mentioned above our company had only Nine shareholders

11. There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/Lead Manager for purchase of Equity Shares offered through this Draft Prospectus.
12. The Equity Shares, which are subject to lock-in, shall carry the inscription "non-transferable" and the non-transferability details shall be informed to the depository. The details of lock-in shall also be provided to the Stock Exchange before the listing of the Equity Shares.



13. As on the date of this Draft Prospectus, none of the shares held by our Promoters/ Promoter Group are pledged with any financial institutions or banks or any third party as security for repayment of loans.
14. Except, as otherwise disclosed in the chapter titled “Objects of the Issue” beginning on page 71 of this Draft Prospectus, we have not raised any bridge loans against the proceeds of the Issue.
15. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in heading on "Basis of Allotment" beginning on page 234 of this Draft Prospectus.
16. The Equity Shares Issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no allotment shall be made.
17. Our Company has not issued any Equity Shares at a price less than the Issue Price in the last one year preceding the date of filing of this Draft Prospectus.
18. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, as amended from time to time.
19. Under subscription, if any, in any category, shall be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the Lead Manager and National Stock Exchange of India Limited.
20. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock-in shall be suitably increased to ensure that 20% of the post issue paid-up capital is locked-in.
21. The Issue is being made through Fixed Price Method.
22. As on date of filing of this Draft Prospectus with Stock Exchange, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
23. On the date of filing this Draft Prospectus with Stock Exchange, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
24. Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus shares out of capitalization of revaluation reserves.
25. Lead Manager to the Issue viz. Khambatta Securities Limited and its associates do not hold any Equity Shares of our Company.
26. Our Company has not revalued its assets since incorporation.
27. Our Company has not made any Public Issue of any kind or class of securities since its incorporation.
28. There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law.
29. Our Company shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.
30. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Prospectus with Stock Exchange until the Equity Shares to be issued pursuant to the Issue have been listed.
31. Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the Issue,



by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

32. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
33. An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
34. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
35. Our Company has Fifteen (15) shareholders as on the date of filing of this Draft Prospectus.



## OBJECTS OF THE ISSUE

### Requirement of Funds:

Our Company proposes to utilize the funds which are being raised towards funding the following objects:

1. To meet the working capital requirements of the Company including margin money;
2. To meet General Corporate Expenses; and
3. To meet the Issue Expenses

Our Company believes that listing will enhance our Company's corporate image and create a public market for its Equity Shares in India. The main objects clause of our Memorandum of Association enables our Company to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum. For the main objects clause of our Memorandum of Association, see "History and Certain Other Corporate Matters" on page 119.

### NET PROCEEDS OF THE ISSUE

The details of utilization of the proceeds of the Fresh Issue are summarized below:

Particulars	Amount (Rs. in Lakhs)
Gross proceeds of the Issue	1,121.40
(Less) Issue related expenses in relation to the Issue	(124.00)
<b>Net Proceeds</b>	<b>997.40</b>

### UTILISATION OF NET PROCEEDS

We intend to utilize the net proceeds of the Issue, in the manner set forth below:

(Rs. In lakhs)

Sr. No.	Particulars	Amount
1	Working capital requirements of the Company including margin money	750.00
2	General Corporate Expenses	247.40
	<b>Total</b>	<b>997.40</b>

The above Objects of the Issue authorised by the Board of Directors pursuant to its Resolution passed on August 28, 2018.

The fund requirement and deployment is based on internal management estimates of our Company and have not been verified by the Lead Manager or appraised by any bank or financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest rate fluctuations. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management.

In case of variations in the actual utilization of funds allocated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt.

We may have to revise our fund requirements and deployment as a result of changes in commercial and other external factors, which may not be within the control of our management. This may entail scheduling, revising or cancelling the fund requirements and increasing or decreasing the fund requirements for a particular purpose from its fund requirements mentioned below, at the discretion of our management. In case of any shortfall, we



intend to meet our estimated requirement from internal accruals and/or debt. In case of any such re-schedulement, it shall be made by compliance of the relevant provisions of the Companies Act, 2013.

## DETAILS OF THE OBJECTS

### 1. To meet working capital requirements including margin money

Our Business is working capital intensive and we avail our working capital in the ordinary course of our business from HDFC Bank Ltd. As on March 31, 2018, our Company's working capital facility consisted of an aggregate fund based limit of Rs. 2,000.00 Lakhs and an aggregate non-fund based limit of Rs. 31.00 Lakhs with HDFC Bank Ltd. For further details of the working capital facilities currently availed by us, please refer the section "Financial Indebtedness" on page 190.

As on March 31, 2018 and March 31, 2019 the Company's incremental working capital consisted of Rs. 557.17 Lakhs and Rs. 1,825.78 Lakhs respectively. The total expected working capital requirement for the year 2018-19 is estimated to be Rs. 4,907.69 Lakhs. The incremental working capital requirement will be met through the Net Proceeds and the balance portion of working capital requirement will be met through Net Worth /Internal Accruals/ Borrowings.

#### *Basis of estimation of working capital requirement*

The details of our Company's expected working capital requirements on the basis of restated financials for the Financial Year 2018-19 and funding of the same are as set out in the table below:

(Rs. in Lakhs)

Particulars	2016-17 (Audited)	2017-18 (Audited)	2018-19 (Estimated)
<b>Current Assets</b>			
Cash & Cash Equivalents	78.32	49.11	82.30
Trade Receivables	2,665.48	4,050.50	4,100.00
Inventories	1,472.62	1,956.92	2,250.00
Other Current Assets	79.47	106.76	89.50
<b>Total (A)</b>	<b>4,295.89</b>	<b>6,163.29</b>	<b>6,521.80</b>
<b>Current Liabilities</b>			
Trade Payables	1,475.59	2,666.06	1,300.00
Other Current Liabilities	24.57	140.86	195.41
Deposits/ Instalments of term loan etc.	212.37	212.37	118.70
Short Term Provisions	58.63	62.09	-
<b>Total (B)</b>	<b>1,771.15</b>	<b>3,081.38</b>	<b>1,614.11</b>
<b>Net Working Capital (A-B)</b>	<b>2,524.74</b>	<b>3,081.91</b>	<b>4,907.69</b>
<b>Sources of Working Capital</b>			
Fund Based Borrowings	1,689.34	1,932.45	2,500.00
IPO Proceeds	-	-	750.00
Internal sources/Net Worth/ Borrowings	835.40	1,149.47	1,657.69

## BASIS OF ESTIMATION FOR WORKING CAPITAL REQUIREMENTS

The incremental working capital requirements are based on historical Company data and estimation of the future requirements in FY 2018-19 considering the growth in activities of our Company and in line with norms generally accepted by banker(s).

### Holding Levels

(In no. of days)

Particulars		Basis	2016-17	2017-18	2018-19(E)
Receivables		Collection Period	117	132	115
Inventory	Raw Materials & other Consumables	Consumption	56	50	38
	Work- in- Progress	Cost of production	12	5	16
	Finished Goods / Scrap	Cost of Sales	10	18	18
Payables		Credit Period	81	102	43

Further we expect that we will be able to enhance our Working Capital facility with our banker from the present limit of Rs. 2,000 Lakhs to Rs. 2,500 Lakhs.

### 2. To meet General Corporate Expenses

We intend to deploy approximately Rs. 247.40 Lakhs, for general corporate purposes, as may be approved by our management, including but not restricted to purchasing of assets, strategic initiatives and acquisitions, strengthening of the marketing capabilities and meeting on-going general corporate exigencies.

Further, we confirm that in compliance with the SEBI ICDR Regulations, the amount for general corporate purposes, as mentioned in this Draft Prospectus, shall not exceed 25% of the amount raised by our Company through this Issue.

### 3. Issue Expenses

The expenses for this Issue include issue management fees, underwriting fees, Registrar & Transfer Agent fees, Legal Advisor fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed Rs. 124.00 Lakhs.

(Rs. in Lakhs)

Expenses	Expenses (Rs. in Lakhs)	Expenses (% of total Issue expenses)	Expenses (% of Issue size)
Payment of professional charges to Intermediaries such as Merchant Banker, Registrar & Transfer Agent, Market Maker, etc. apart from payment of other charges including, postage, printing & stationery, etc.	45.00	4.01%	36.29%
Statutory Expenses	10.00	0.89%	8.06%
Underwriting Commission, Marketing Expenses and other Expenses	69.00	6.15%	55.65%
<b>Total estimated Issue expenses</b>	<b>124.00</b>	<b>11.06%</b>	<b>100.00%</b>



## DEPLOYMENT OF FUNDS

As estimated by our management, the entire proceeds from the Issue shall be utilized as follows:

(Rs. in Lakhs)

Particulars	Total Deployment	Amount incurred till August 14, 2018	Balance deployment during FY 2018-19
Working capital requirements of the Company including margin money	750.00	-	750.00
General Corporate Expenses	247.40	-	247.40
Issue Expenses	124.00	3.73	120.27
<b>Total</b>	<b>1,121.40</b>	<b>3.73</b>	<b>1,117.67</b>

\*As on August 14, 2018, our Company has incurred a sum of Rs. 3,72,685 /- towards issue expenses as certified by our statutory auditor.

## MEANS OF FINANCE

We intend to entirely finance our objects from issue proceeds, other than our working capital requirements. In the event any additional payments are required to be made for financing our objects (other than our working capital requirements), it shall be made from our existing identifiable internal accruals. The working capital requirements under our objects will be met through the Issue Proceeds to the extent of Rs. 750.00 lakhs and the balance through internal accruals, net worth and borrowings. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Issue as mentioned in SEBI ICDR Regulations.

Funding requirements of our objects will be met in the following manner –

(Rs. in Lakhs)

Particulars	Estimated Amount
Net Proceeds	1,121.40
Internal Accruals	NIL
<b>Total</b>	<b>1,121.40</b>

## INTERIM USE OF PROCEEDS

Pending utilization for the purposes described above, we intend to deposit the funds with scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for any investment in the equity markets. Our management, in accordance with the policies established by our Board of Directors from time to time, will deploy the Net Proceeds. Further, our Board of Directors hereby undertakes that full recovery of the said deposit shall be made without any sort of delays as and when need arises for utilization of proceeds for the objects of the issue.

## BRIDGE FINANCING FACILITIES

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities.

## MONITORING UTILIZATION OF FUNDS

Since the proceeds from the Fresh Issue do not exceed Rs. 10,000 Lakhs, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Hence, our Board will monitor the utilisation of the proceeds of the Issue. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilised Net Proceeds in the



balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

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

Furthermore, in accordance with the Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a half-yearly basis, a statement indicating (i) deviations, if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above; and (ii) details of category wise variations in the utilisation of the proceeds from the Issue from the objects of the Issue as stated above.

### **VARIATION IN OBJECTS**

In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders through a special resolution undertaken by a postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the “Postal Ballot Notice”) shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in the vernacular language of the jurisdiction where the Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed in this regard under SEBI Regulations.

### **APPRAISAL BY APPRAISING AGENCY**

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

### **OTHER CONFIRMATIONS**

No part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, Group Companies, the Directors, associates or Key Management Personnel, except in the normal course of business and in compliance with applicable law.



## BASIS FOR ISSUE PRICE

The Issue Price of Rs. 42/- per Equity Share has been determined by our Company, in consultation with the LM on the basis of an assessment of market demand for the Equity Shares through the Fixed Price Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Share of our Company is Rs. 10/- and Issue Price is 4.2 times the face value.

### QUALITATIVE FACTORS

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

- Experienced Promoters and proficient management team with low attrition rates;
- Established growth since the beginning of operations;
- Leveraging the experience of our Promoters;
- Long standing relationship with the customers & Suppliers;
- Location of Manufacturing units;
- Quality Assurance & Control.

For further details, refer to heading ‘*Our Strengths*’ under chapter titled ‘*Our Business*’ beginning on page 96.

### QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for Financial Year 2017-18, 2016-17 and 2015-16 prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### 1. Basic Earnings per Share (EPS) as per Accounting Standard 20:

Year ended	EPS (Rs.)	Weight
March 31, 2016	0.75	1
March 31, 2017	0.79	2
March 31, 2018	4.05	3
<b>Weighted Average<sup>#</sup></b>	<b>2.41</b>	

*#derived by multiplication of weight with their respective EPS divided by sum of weights.*

#### Notes:

- i. Basic earnings per share (Rs.) = Restated Net Profit after tax attributable to equity shareholders / Weighted number of equity shares outstanding during the year.
- ii. EPS has been calculated in accordance with the Accounting Standard 20 – “Earning per share” issued by the Institute of Chartered Accountants of India. As required by AS20, the calculation of basic earnings per share is adjusted for all the periods mentioned in the working of EPS on post-bonus basis of face value of Equity Shares.

#### 2. Price to Earnings (P/E) ratio in relation to Issue Price of Rs. 42/- per Equity Share of face value of Rs. 10/- each.

Particulars	P/E Ratio
P/E ratio based on Basic EPS for FY 2017-18	10.37
P/E ratio based on Weighted Average EPS	17.43



### 3. Average Return on Net worth (Ron) for the preceding three years.

Return on Net Worth (“Ron”) as per Restated financial statements:

Year ended	Ron (%)	Weight
March 31, 2016	5.61%	1
March 31, 2017	5.63%	2
March 31, 2018	22.39%	3
<b>Weighted Average<sup>5</sup></b>	<b>14.01%</b>	

<sup>5</sup>derived by multiplication of weight with their respective RoNW divided by sum of weights.

**Note:** Return on net worth (%) = Restated net profit after tax attributable to equity shareholders / Net worth X 100.

Net worth = Equity share capital + Reserves and surplus (including surplus in the Statement of Profit and Loss).

### 4. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2018 :- 16.78%

### 5. Net Asset Value (NAV)

(Amount in Rs.)

Particulars	On Restated basis (In Rs.)
Net Asset Value per Equity Share as of March 31, 2018	18.08
Net Asset Value per Equity Share after the Issue	24.14
Issue Price per equity share	42.00

\*NAV per Equity Share has been calculated as Net Worth as divided by number of Equity Shares.

### 6. Comparison with other listed companies/Industry peers

Name of the Company	Revenue from operations (Rs. in Cr.)	Face Value per Equity Shares	P/E Ratio	Basic EPS (In Rs.)	CMP* (In Rs.)
Sahaj Fashions Limited	111.11	10.00	10.37	4.05	42
<b>Peer Group</b>					
Arvind Limited	6423.34	10.00	41.52	9.67	401.50
Nahar Industrial Enterprises Limited	1762.75	10.00	15.00	4.32	64.80
Sangam India Limited	1649.03	10.00	10.80	7.72	83.40

\*Source: www.bseindia.com

- The figures of Sahaj Fashions Limited are based on the Restated results for the year ended March 31, 2018.
- The figures for the Peer group are based on Audited results for the Year ended March 31, 2018.
- Current Market Price (CMP) is the closing prices of respective scrips as on August 30, 2018.

The Company in consultation with the Lead Manager and after considering various valuation fundamentals including Book Value and other relevant factors believes that the issue price of Rs. 42/-per share for the Public Issue is justified in view of the above parameters. The investors may also want to pursue the “Risk Factors” beginning on page 19 and Financials of the company as set out in the “Financial Statements” beginning on page 149 to have more informed view about the investment proposition. The Face Value of the Equity Shares is Rs. 10/- per share and the Issue Price is 4.2 times of the face value i.e. Rs. 42/-per share.



## STATEMENT OF TAX BENEFITS

### Statement of possible tax benefits available to the company and its shareholders

To  
The Board of Directors,  
**Sahaj Fashions Limited**  
*(formerly known as Sahaj Fashions Private Limited)*  
Shree Bhawan, Ajmer Road, Madanganj Kishangarh,  
Rajasthan 305801 India

Dear Sirs,

**Subject: Statement of Possible Tax Benefits ('The Statement') available to Sahaj Fashions Limited ('The Company') and its shareholders prepared in accordance with the requirement in SCHEDULE VIII-CLAUSE (VII) (L) of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended ('The Regulation')**

We refer to proposed issue of the shares of **Sahaj Fashions Limited**, formerly known as Sahaj Fashions Private Limited ('the Company'). We enclose herewith the statement showing the possible tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 ('Act'), as applicable and 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 Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions, which is based on the business imperatives, the company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and do not cover any general tax benefits available to the Company. Further, the preparation of enclosed statement and the contents stated therein is the responsibility of the Company's management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares ("the Issue") by the Company.

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

- the Company or its shareholders will continue to obtain these benefits in future;
- the conditions prescribed for availing the benefits, where applicable have been/would be met;
- the revenue authorizes/courts will concur with the views expressed herein.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.



This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Prospectus/ Prospectus or any other issue related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **BNG & ASSOCIATES LLP**  
**Chartered Accountants**  
**F.R.N. 138784 W/W 100071**

**Harsh Jain**  
**M. No. 414621**

Date: August 14, 2018  
Place: Ajmer, Rajasthan



**ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO SAHAJ FASHIONS LIMITED (“THE COMPANY”) AND IT’S SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA**

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

**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.

**Notes:**

1. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement

*You should consult your own Tax Advisors concerning the Indian Tax implications and consequences of purchasing, owning and disposing of equity shares in your particular situation.*

For **BNG & ASSOCIATES LLP**  
**Chartered Accountants**  
F.R.N. 138784 W/W 100071

**Harsh Jain**  
M. No. 414621

Date: August 14, 2018  
Place: Ajmer, Rajasthan



## SECTION IV – ABOUT THE COMPANY

### OUR INDUSTRY

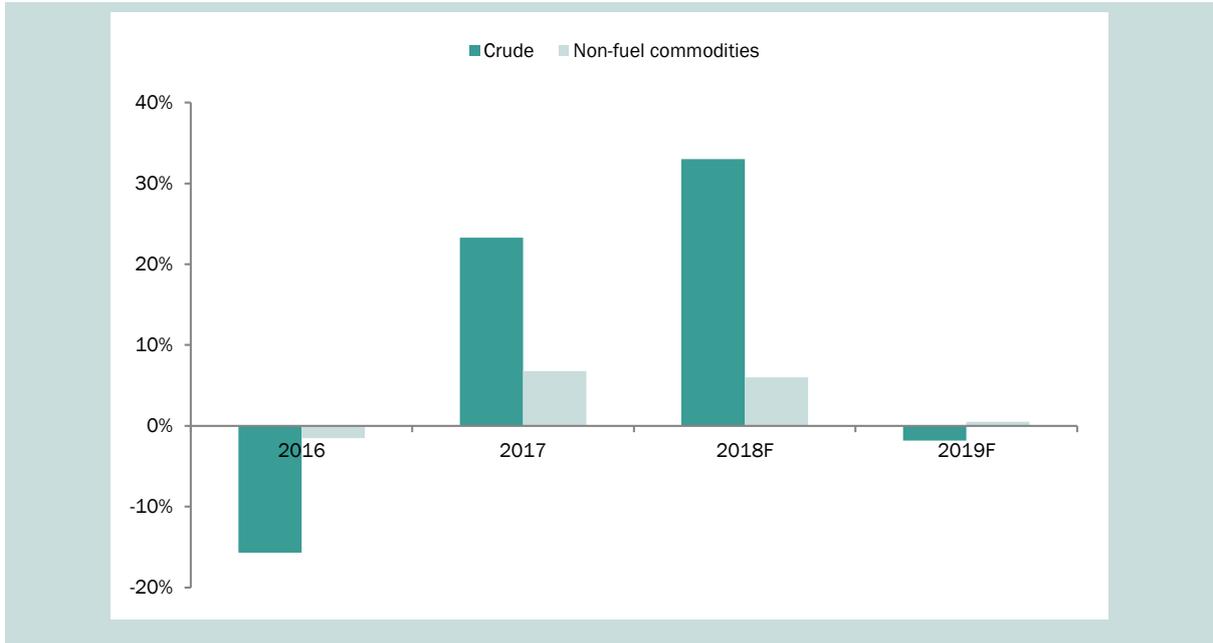
*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and other sources of which link are mentioned (as available on public domain). So, all the Information Shared is believed to be accurate and reliable. None of the Company, the LM or any other person connected with the Issue has independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. 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. Accordingly, investors should not place undue reliance on or base their investment decision on this information. The information in this section must be read in conjunction with the sections titled “Risk Factors” and “Our Business” beginning on pages 19 and 96, respectively.*

### GLOBAL ECONOMIC OVERVIEW

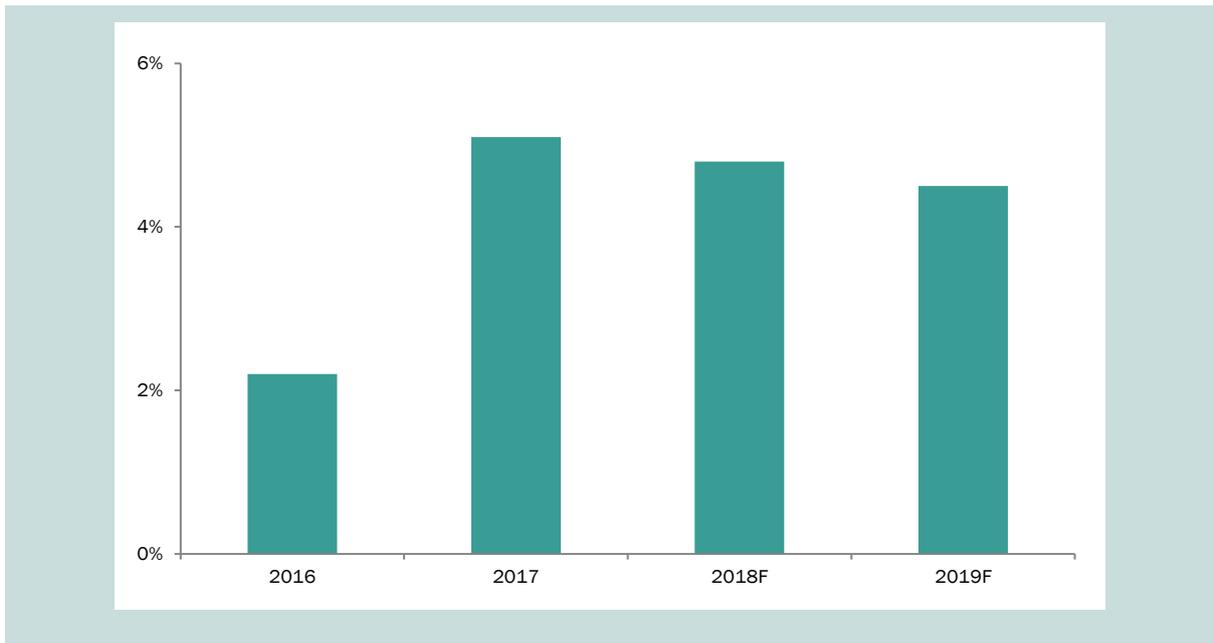
The global economy is witnessing a broad-based revival with the cyclical upswing that started in mid-2016 gaining strength, aided by policy stimulus and characterized by a pickup in investments, growth in international trade and employment gains. This is the strongest synchronized global growth upturn since 2010 with GDP growth in two-thirds of countries collectively contributing 75% of the global GDP accelerating in 2017. The growth rate in the second half of 2017 was above 4%, taking the full-year growth to 3.7%. Consumer confidence indicators signal healthy end-market demand while purchasing managers’ indices point towards brisk manufacturing activity going forward. Global trade flows have seen a healthy improvement in the last few months driven by a pickup in investment, especially in advanced economies, strong manufacturing growth in Asia, and a recovery in commodity exporting economies.

The advanced economies grew 2.4% in 2017 (+70 bps) on the back of acceleration in investment expenditure. The recovery in the capex cycle reflected higher capacity utilization, favourable financing conditions and strengthening of balance sheets, translating into stronger business sentiments. The revival of investments led to job gains supporting growth in consumer spending. A turnaround in global commodities trade and a pick-up in private consumption led to higher GDP growth in the emerging market and developing economies (EMDEs) in 2017 (4.7%, +30 bps). While China benefitted from a recovery in exports, India’s growth was consumption-driven. Commodity exporters going through a recession such as Brazil and Russia as well as South Africa (witnessing a severe slowdown) benefitted from the bottoming out of the commodity cycle and the consequent revival of export earnings and resurgence in investments. Crude price, after witnessing a sharp decline of 15.7% in 2016, increased 23.3% in 2017. Non-fuel commodity prices expanded 6.8% after falling 1.5% in 2016. The upturn in commodity prices helped global trade volumes accelerate to 5.1% in 2017 after growing by 2.2% during the previous year.

### Change in Commodity Prices



### Global Trade Volume Growth



Source: World Economic Outlook Update, July 2018, IMF

Commodity prices are expected to accelerate further through 2018 as international trade flows remain healthy. However, it will also stoke inflation and put currencies under pressure in economies with a higher dependence on commodity imports. Oil is expected to be expensive by 33% while non-fuel commodity prices are projected to increase by 6% in 2018. 2019 will see crude price falling marginally (-1.8%) with non-fuel commodity prices expected to remain broadly flat (0.5%). The advanced economies are expected to remain steady on their growth path with their combined GDP increasing by 2.4% and 2.2% in 2018 and 2019, respectively. The US is expected to be the principal driver of growth within the group, expanding 2.9% and 2.7% over this period compared to the Euro Area's 2.2% and 1.9%. US GDP growth is seen to accelerate from 2017 levels of 2.3% in spite of the normalization of monetary policy, driven by an expanding job market, an increase in inflation rates from sub-

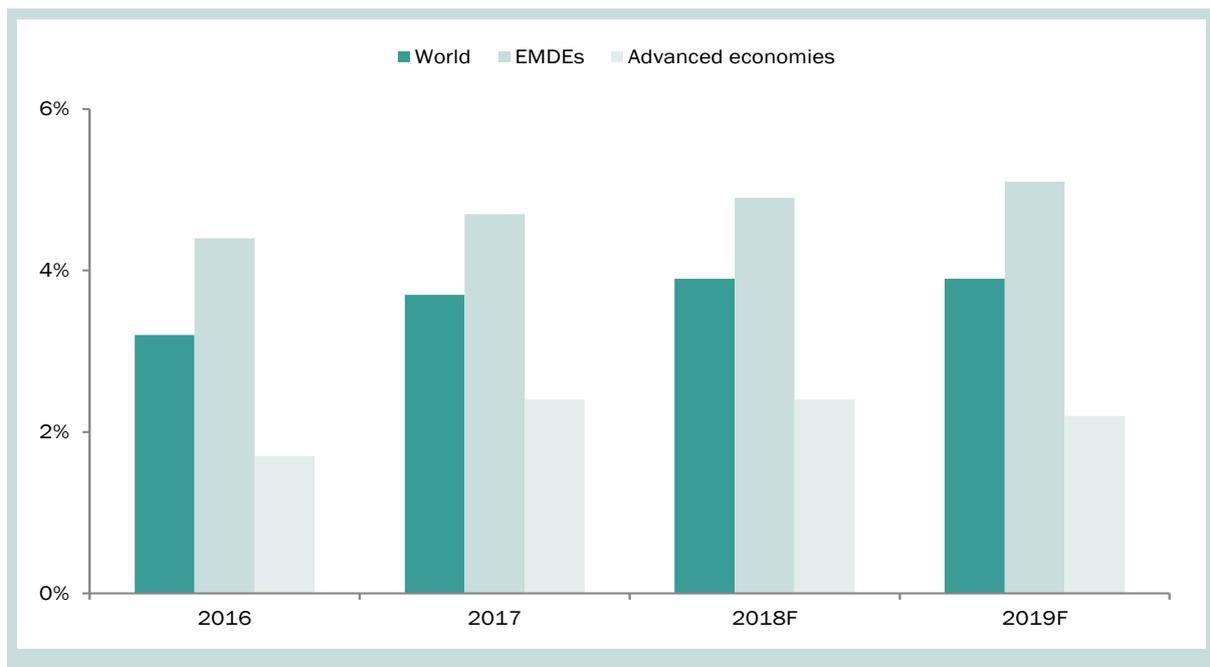
target levels, and output and profitability gains. Growth in the Euro Area will decline from 2.4% in 2017 amidst anticipated monetary tightening by the European Central Bank (ECB). Post-Brexit, the UK’s growth is expected to moderate to 1.4% and 1.5% in 2018 and 2019, respectively (from 1.7% in 2017). Japanese growth too is expected to decelerate to 1.0% in 2018 and 0.9% in 2019 after expanding 1.7% in 2017. International trade volumes are projected to grow 4.8% in 2018 and 4.5% in 2019 (5.1% in 2017).

Growth at the EMDEs is forecast to increase to 4.9% and 5.1% in 2018 and 2019, respectively (from 4.7% in 2017). India is seen to lead the EMDE pack with a growth rate of 7.3% and 7.5% over 2018-2019 (2017: 6.7%), followed by China at 6.6% and 6.4% (2017: 6.9%). Brazil is expected to accelerate from 1% in 2017 to 1.8% in 2018 and 2.5% in 2019.

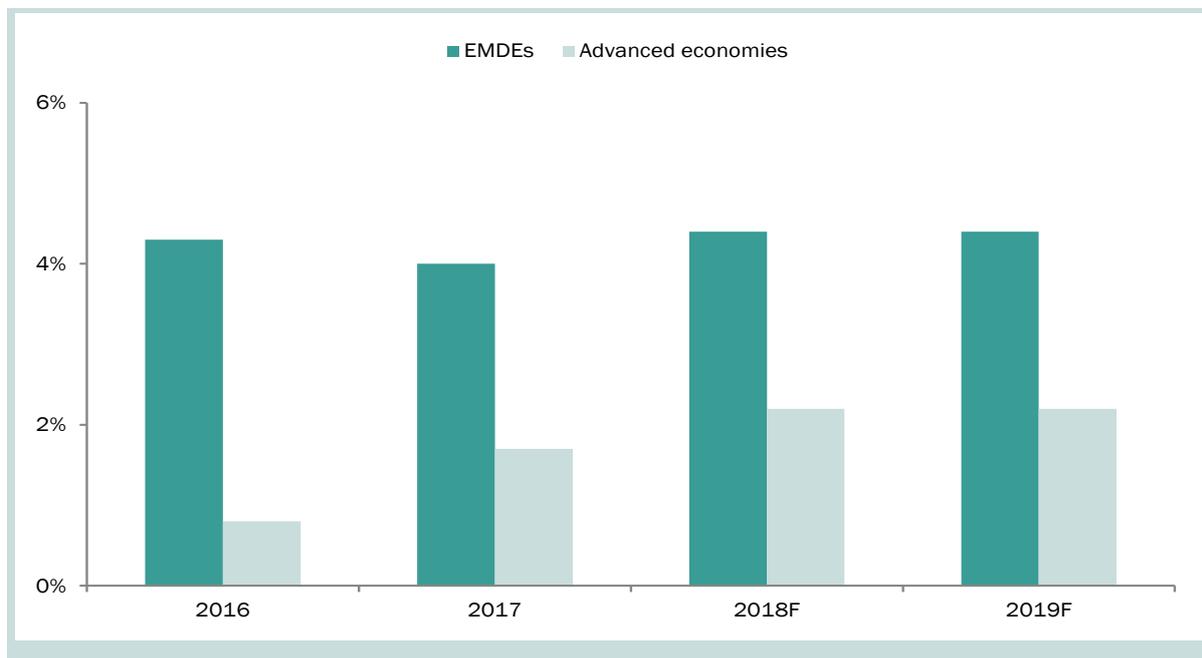
The US Federal Reserve has already embarked on its journey of gradually reducing the size of its balance sheet and raising rates. The Fed has raised interest rates twice so far in 2018, first in March and subsequently in June, and has forecast two further rates hikes this year. The benchmark overnight lending rate was hiked by 25 bps on each occasion and currently stands in a range of 1.75% to 2%. While the tone of the central bank has tended to be more hawkish since June, it also means that the economy is growing strongly. The monetary policy committee changed their view on economic growth from “solid” to “strong” between June and August. The Fed expects inflation to hover around 2.1% in 2018 through 2020, marginally over its target of 2%. The policy rate is seen to increase to 3.1% by 2019-end and subsequently touch 3.4% by 2020. The central bank expects a GDP growth of 2.8% this year, an upward revision from its March estimate of 2.7%. Thereafter, it expects the economy to expand by 2.4% in 2019 and 2% in 2020. Since the financial crisis of the last decade, the US economy grew at an average annual rate of 2.2% between 2009 and 2017. The US\$ 1.5 tn in tax cuts and planned increase in federal spending by US\$ 320 bn over the next decade are expected to provide further thrust to the economy, leading to accelerated expansion.

The European Central Bank (ECB) is expected to reduce its monthly asset purchases during 2018. A faster-than-expected bounce-back in inflation rates could result in an early end to the ECB’s asset purchase programme. Monetary policy is expected to moderately tighten in the G7 as output gaps close out and inflation expectations stabilize. Policy stance of the Bank of Japan (BoJ) is expected to remain largely unchanged though.

### Global GDP Growth



### Global Consumer Inflation

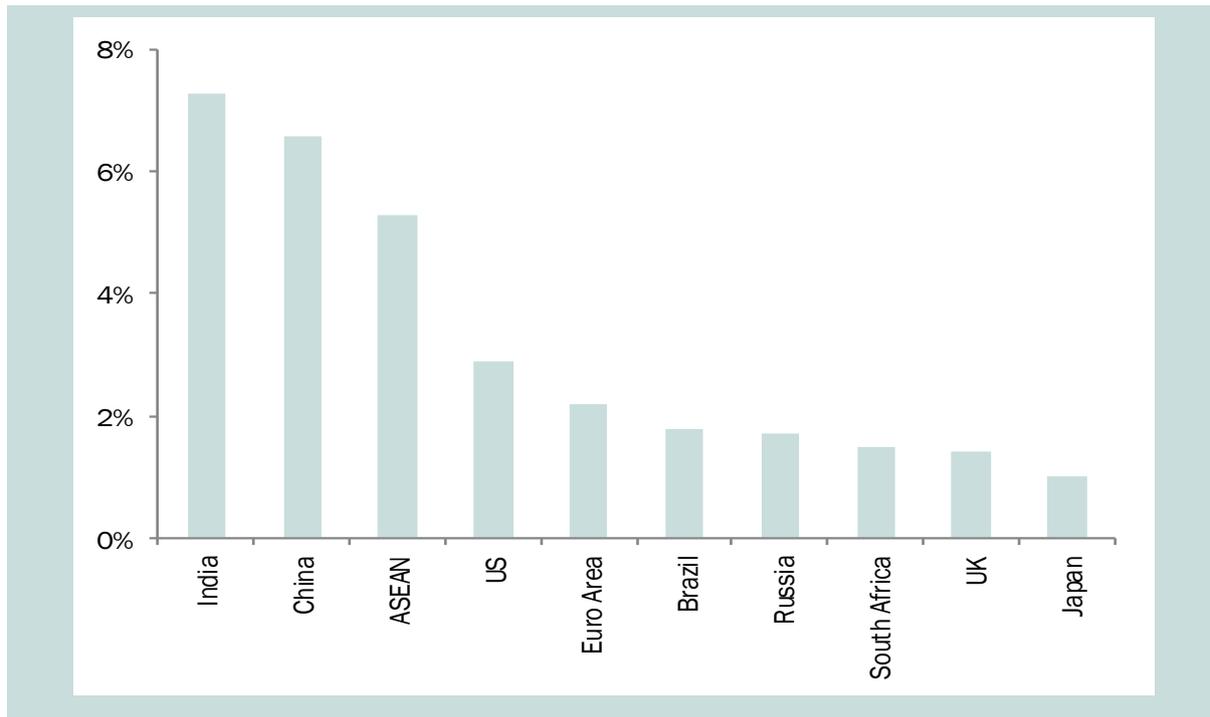


Source: World Economic Outlook Update, July 2018, IMF

### INDIAN ECONOMIC OVERVIEW

A revival of rural demand aided by a normal monsoon and the implementation of the 7th Pay Commission recommendations helped drive an expansion in public and private consumption during 1H FY18. However, overall demand lagged with investments remaining weak. Output growth witnessed a slowdown except for the agriculture sector with the most affected sectors being construction, real estate and manufacturing. Following 5 consecutive quarters of deceleration from 1Q FY17 to 1Q FY18, India's GDP growth bottomed out to start rebounding in 2Q FY18, posting a rate of 6.3%. In the third quarter, real GDP expanded by 7%, surpassing China's 6.8% growth and restoring India to the coveted position of the fastest growing big economy. Subsequently, growth rate improved further to 7.7% in 4Q FY18 as the economy expanded by 6.7% during the fiscal year (FY17: 7.1%). The strong resurgence in the fourth quarter was driven by the construction (11.5%), manufacturing (9.1%), and agriculture (4.5%) sectors. Manufacturing activities continue to expand with the Nikkei India Manufacturing Purchasing Managers' Index (PMI) staying above 50 for 12 consecutive months to July 2018. The trend suggests that the sector has successfully come out of the temporary slowdown caused by demonetization and GST implementation. Gross fixed capital formation expanded 14.4% in 4Q FY18, signalling a revival of investment activities while government spending grew 13.3%. The IMF forecasts India to grow by 7.3% and 7.5% in FY19 and FY20, respectively, the fastest rates amongst the big economies.

## Global GDP Growth Rate Forecast for 2018



Source: World Economic Outlook Update, July 2018, IMF

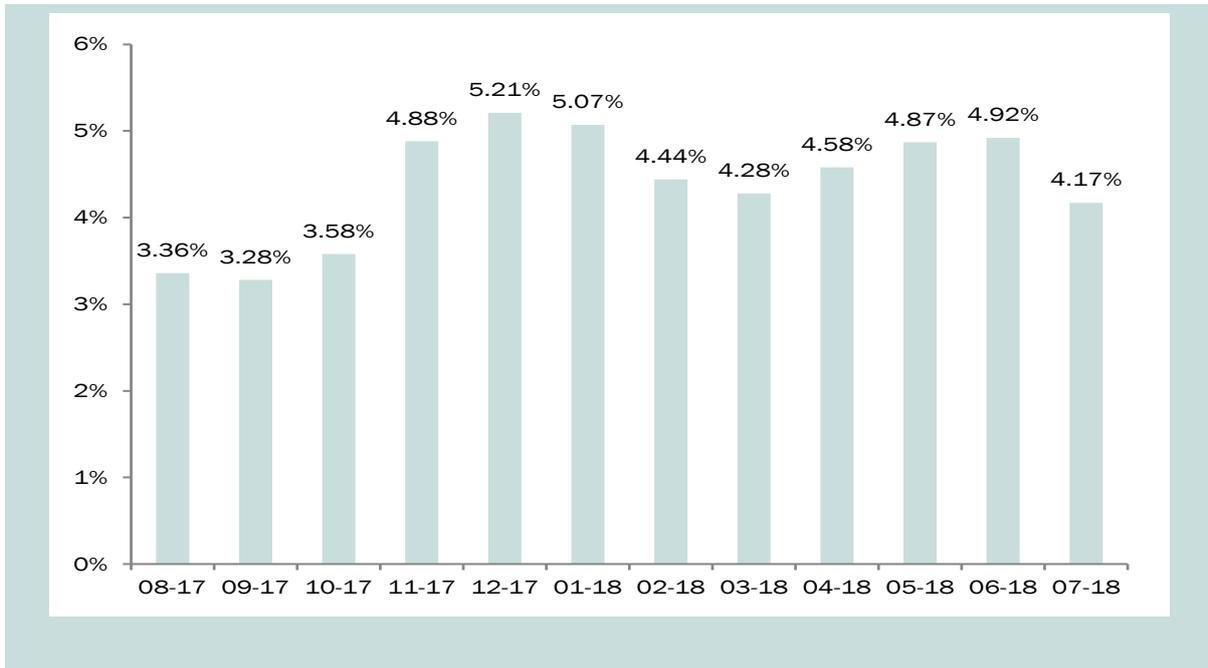
Retail inflation, as measured by the Consumer Price Index (CPI), increased in April to June after declining through the last quarter of FY18. July CPI inflation stood at 4.17%, lower than the 4.92% recorded in June. After recording a multi-year low of 1.54% in June 2017, retail inflation rates witnessed a secular uptrend from June to December. The Reserve Bank of India (RBI) twice hiked the key policy rate by 25 bps each in June and August this year after a gap of four and a half years, driven by higher headline inflation during 1Q FY19 and expectations of an accelerating inflation rate in the second half of the fiscal year. The benchmark repo rate currently stands at 6.50%.

Exports expanded 9.8% during FY18, the highest growth rate in 6 years, after growing 4.5% in FY17. Previously, FY16 had seen a decline in exports by 5.3%. The robust growth in FY18 was driven by a reversal in commodity prices and improved global trade flows. India's trade prospects are expected to thrive with improvements in logistics, integration of investments in the global supply chain, infrastructure development, and an improved business environment.

With an eye to boost exports, the Indian government released the Foreign Trade Policy (FTP) 2015-20 in April 2015. The policy framework, besides aiming to increase exports of goods and services, seeks to generate employment and increase value addition in the exports sector in line with the 'Make in India' programme. It introduced two new schemes: (a) Merchandise Exports from India Scheme (MEIS), an export promotion scheme promoting the export of notified goods produced in India; (b) Services Exports from India Scheme (SEIS), an incentive scheme for export of eligible services. The FTP envisages the creation of a stable and sustainable policy environment for foreign trade while promoting the diversification of exports. Further, the policy seeks to increasing the demand for Indian products and contributing to the Make in India initiative with the objective of rationalizing imports and reducing the trade imbalance.



### India CPI Inflation



### India Key Policy (Repo) Rate



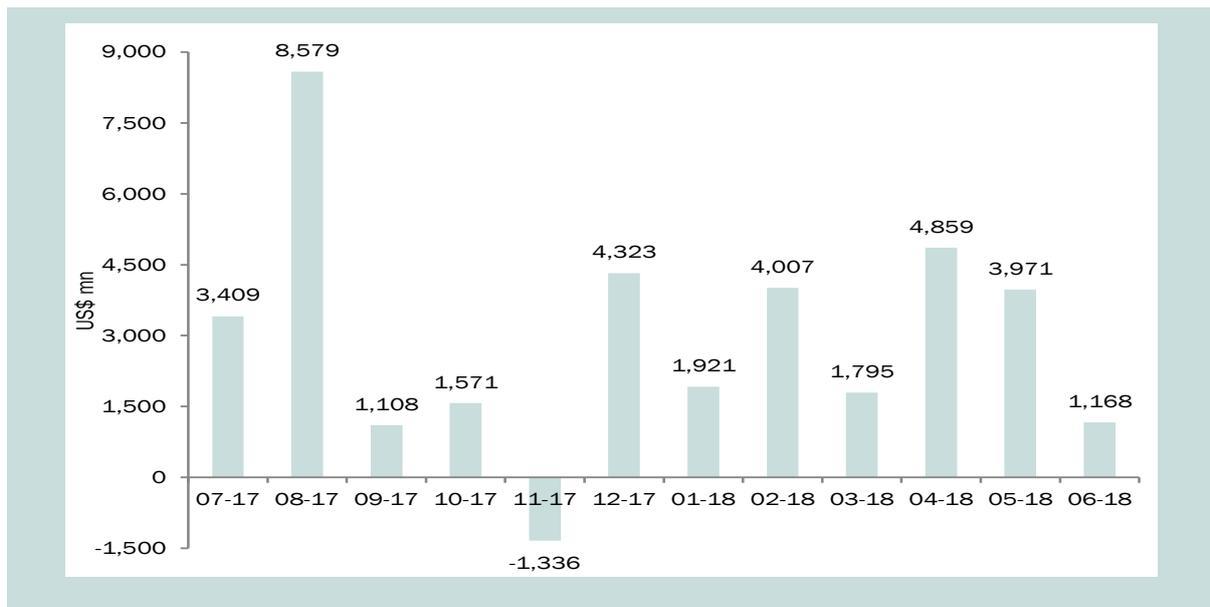
Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

This year’s Budget announcements for the export sector included an increase in allocation from Rs 1,100 crore to Rs 2,000 crore for the Interest Equalisation Scheme (IES) for FY18 and Rs 2,500 crore for FY19. Further, the allocation for Remission of State Levies (ROSL) has been enhanced from Rs 1,555 crore to Rs 1,855 crore for 2018 FY and Rs 2,164 crore for FY 2019. ROSL compensates exporters for state levies while under IES, exporter get loans at lower interest rates. The increased allocations for the programmes will be helpful for both merchandise and service exporters, particularly labour-intensive sectors.

### India Export



### India FDI Inflow



Source: [www.tradingeconomics.com](http://www.tradingeconomics.com)

FDI inflows in FY18 increased to US\$ 62 bn from US\$ 60 bn in FY17, aided by ease in FDI policies and continued global liquidity. India's forex reserves rose to an all-time high of US\$ 426 bn on 13 April 2018, equivalent to 11 months of imports. That was, however, still lower than pre-global financial crisis level of 14 months. India's forex reserve has seen a healthy rise over the past year. It touched US\$ 400 bn for the first time on 8 September 2017. The rupee appreciated approximately 6% in 2017 in sync with many other emerging economies, partly due to US dollar weakening. The strong FDI as well as FPI inflows helped the Indian currency gain against the greenback. Net FPI inflows stood at Rs 1.45 tn during FY18. The rupee, however, has been witnessing downward pressure this year, having depreciated approximately 10% on account of rising oil prices and an expanding current account deficit.



Fiscal deficit stood at 3.5% of GDP in FY18 as the government targets a deficit of 3.3% in FY19. Global ratings agency Moody's has expressed its confidence about the Indian government's ability to meet the fiscal deficit target. Overall, government expenditure has generally shifted towards productive infrastructure spending in recent years which has acted as a growth catalyst.

Direct tax collections increased 18% during FY18 to Rs 10.02 lakh crore, broadly in line with the government's revised estimate and higher than its initial estimate of Rs. 9.80 lakh crore. GST collection has clocked a monthly run rate of Rs 89,000 on average since its inception in July 2017 through April 2018. The union government estimates GST collection of Rs 7.46 lakh crore excluding SGST collection by state governments in FY19. Going forward, GST collections are expected to increase due to improved compliance.

The upgrade of India's sovereign rating from Baa3 (lowest investment grade) to Baa2 by international ratings agency Moody's is positive from both a market sentiments point of view as well as in terms of cost of overseas borrowing by the government and businesses. Importantly, this is India's first ratings upgrade in 14 years indicating approval of the country's reform measures by the international community as well as an overall improvement of economic prospects.

India's advancement in the ease of doing business ranking from 130 to 100 in the World Bank's Doing Business 2018 report showcases the effectiveness of reforms undertaken to provide an enabling environment for starting and conducting business in the country. The area where India has improved the most is its ability to handle insolvency cases, climbing 33 places to secure a rank of 103. The new bankruptcy law is expected to discourage wilful defaulters and have a positive impact on banks' asset quality and overall economic growth. The multilateral agency also recognized India's reforms push by highlighting that the country has implemented reforms in 8 out of the 10 Doing Business areas. The government's intent to go ahead with bold reforms and an overall growth-centric stance (in terms of both policy-making and implementation) suggest a strong growth bias in policy going forward.

The recapitalization of public sector banks will not only help the government-owned banks raise regulatory capital and provide for bad loans but it will also supply them growth capital which will eventually drive the real economy through increased lending. While recapitalization through the issuance of bonds by the government will increase the sovereign debt, the fiscal implication of incremental interest expenses for the government will be partially offset by higher dividend income. Overall, as the recapitalization boosts economic activity, incremental tax revenue will be a positive outcome. Further, the RBI's revised framework for faster time-bound resolution of non-performing loans should help the banking system manage NPAs more effectively. Growth acceleration coupled with increased revenue generation by the government should also support India's sovereign rating outlook.

India has achieved significant gains in poverty reduction with poverty levels declining since FY05. However, demonetization and depressed food prices could have moderated the pace of decline in poverty in the short term. With demonetization affecting the informal sector most, demand for social security schemes such as MGNREGA increased.

## INDUSTRY OVERVIEW

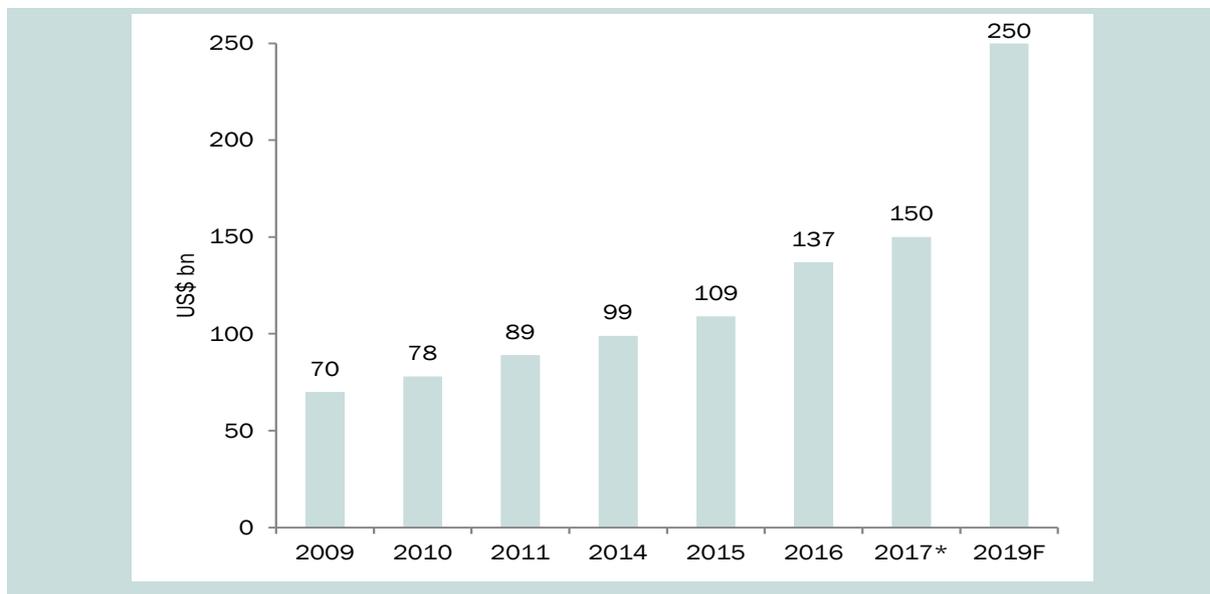
The textiles sector is one of the oldest industrial sectors of the Indian economy and also a labour intensive one. By directly employing 51 million people and indirectly engaging 68 million, the textiles industry generates the maximum number of jobs in the country after agriculture. The textiles industry contributes 14% of India's manufacturing output and 5% of GDP. The textile industry can be broadly broken down into the unorganised sector comprising segments such as handloom and sericulture which are primarily operated on a small scale, and the organised sector consisting of fibre production, spinning, and fabric and apparel manufacturing segments which employ modern machinery and manufacturing processes. India's overall textile exports (including jute, coir and handicraft) stood at Rs 2.5 lakh crore (US\$ 37.8 bn) in FY17, representing almost 14% of the country's total export earnings. The textile industry is expected to reach US\$ 223 bn by the year 2021. (Source: IBEF)



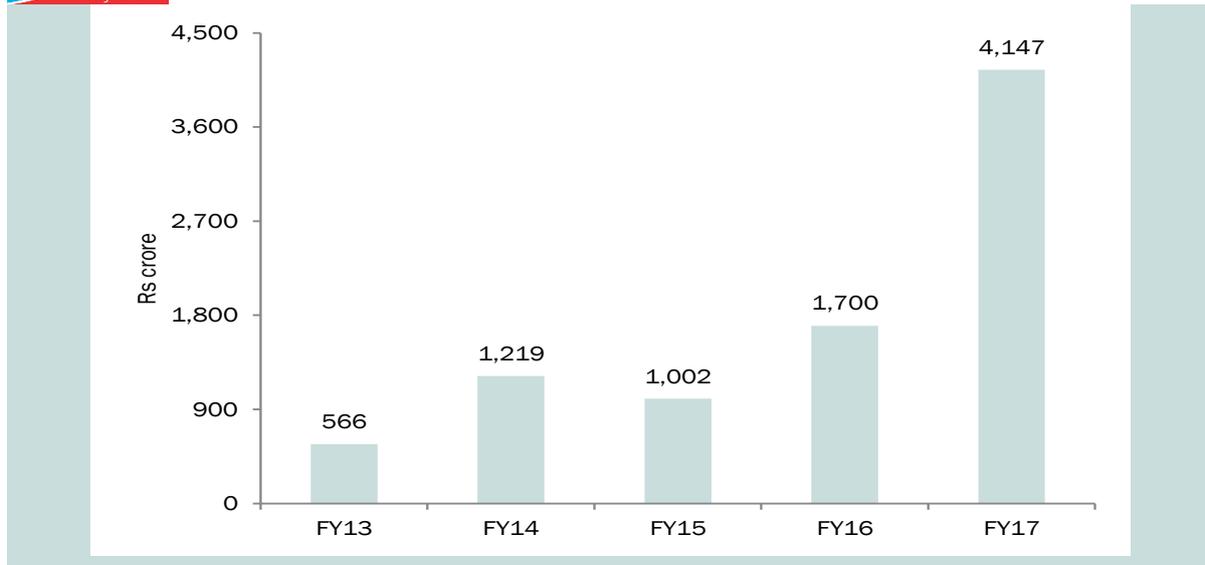
India's textile industry is predominantly cotton-based as the country is one of the largest producers as well as exporters of cotton yarn. However, besides cotton, India has a strong production base across a wide range of fibres and yarns spanning natural fibres such as jute, silk and wool to synthetic/man-made fibres such as polyester, viscose, nylon and acrylic. Apart from China, no other country has such a strong and diverse base in textile fibres and yarns as India. While the hand-spun and handloom segments represent one end of the spectrum, the capital intensive and mechanized mills sector lies at the other end of the textile industry. The decentralised power looms, hosiery and knitting segments are amongst the largest constituents of the Indian textiles sector.

In December 2017, India's cotton industry, comprising cotton yarn, cotton fabrics, cotton made-ups and handloom products, was valued at US\$ 939 mn. The manmade fibre (MMF) segment, comprising manmade yarn, fabric and made-ups, was valued at US\$ 417 mn. By overtaking Italy and Bangladesh, India has now become the world's second largest textile and clothing exporter in the world (after China), contributing approximately 5% of the global textile and clothing trade. (Source: IBEF)

### Indian Textiles Market



### FDI in India's Textile Sector



Source: IBEF; Office of the Textile Commissioner, Ministry of Textiles; \*data up to November

## Global Textile Industry

The global textile business is estimated to have been worth US \$830 bn in 2015 and is forecast to reach US\$ 1,237 bn by 2025 driven by population growth, rising urbanization, growth in disposable income and improving lifestyle in the emerging economies such as China, India and Mexico (*source: Grand View Research*). The World Trade Organization (WTO) expects global trade in textiles and apparels (T&A) to expand by 3.3% in 2018 and by 4% in 2019. Innovation and investment in it will be a key driver of the T&A sector going forward. Further, technical textiles, with an increasing share of the overall textile pie, will be a key segment driving overall growth of the textile industry.

The textile industry is moving towards automation from labour intensive production. Automation has enabled textile manufacturing companies to increase productivity and reduce costs. The fact that 1.2 million industrial robots are expected to be deployed by 2025 is a testimony to the increased adoption of automation in manufacturing and other businesses. Textile machinery hubs such as China, Germany, Italy, Switzerland and India have been taking big strides towards bringing about further technological advancements in textile machinery. Global Industry Analysts (GIA) estimates the global textile machinery market is to touch US\$ 25 billion by 2018 driven by demand for advanced machines producing high-quality textiles. Other factors seen to drive the textile machinery market include global economic recovery and revival of the capex cycle, rising demand for nonwoven disposable textiles, increasing demand from emerging economies, especially Asia Pacific, and growing demand for sustainable textile products. Asia has the largest installed capacity of textile machinery with 86% of short-staple spindles, 45% of long staple spindles, 55% of rotor spinning machines, 73% of shuttle fewer looms and 85% of shuttle looms. China, India, Pakistan, Indonesia and Thailand are amongst the leading Asian markets in terms of installed capacity.

China dominates the T&A export market with market shares of 40% in made-ups, 37% in apparels and 39% in fabric. According to the World Trade Statistical Review 2017, published by the WTO, the value of global textiles export was US\$ 284 bn while apparel exports totalled US\$ 443 bn in 2016. India, Italy, Germany, Bangladesh, Hong Kong, Vietnam and Turkey are the other major exporters of textiles and apparels. China's share of the T&A export market of 39% is followed by India at a distant second place with a 5% share. While the EU, the US, China and Vietnam are some of the top textile importers, top importers of clothing include the EU, the US, Japan and Hong Kong. Apparel imports by emerging economies such as Russia, China and India have shown some momentum lately.



Globally, the textile yarn market is fragmented, capital intensive marked by stiff competition between a large number of players operating at regional and local levels. On the demand side, long term prospects are robust on account of an expanding middle class in the emerging markets. Profitability is subject to volatile raw material prices, rising wages, intense competition and changes in consumer preferences.

Asia Pacific is the largest textile manufacturing region with 68% market share followed by North America in a distant second position with a 9% market share. Asia Pacific's dominance in textile manufacturing can be attributed to the presence of many fabric, apparel and home furnishing manufacturing facilities in the region.

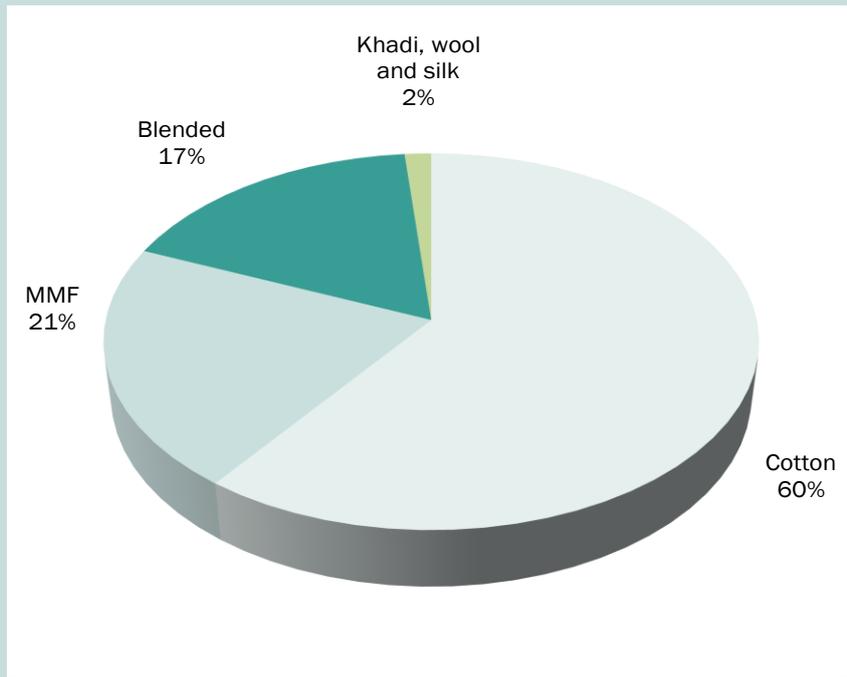
### **Domestic Textile Industry**

India is the world's second largest textile manufacturer and exporter after China. The share of the T&A sector in India's total exports was 12.4% in FY18 while the country commands a market share of 5% in T&A international trade. The EU and the US are major destinations for Indian T&A exports with these two geographies accounting for 47% of T&A exports from India. Being a labour intensive sector, the T&A sector directly employs 4.5 crore people while another 6 crore are employed in allied sectors. The T&A and related sectors also employ a large number of rural people as well as women.

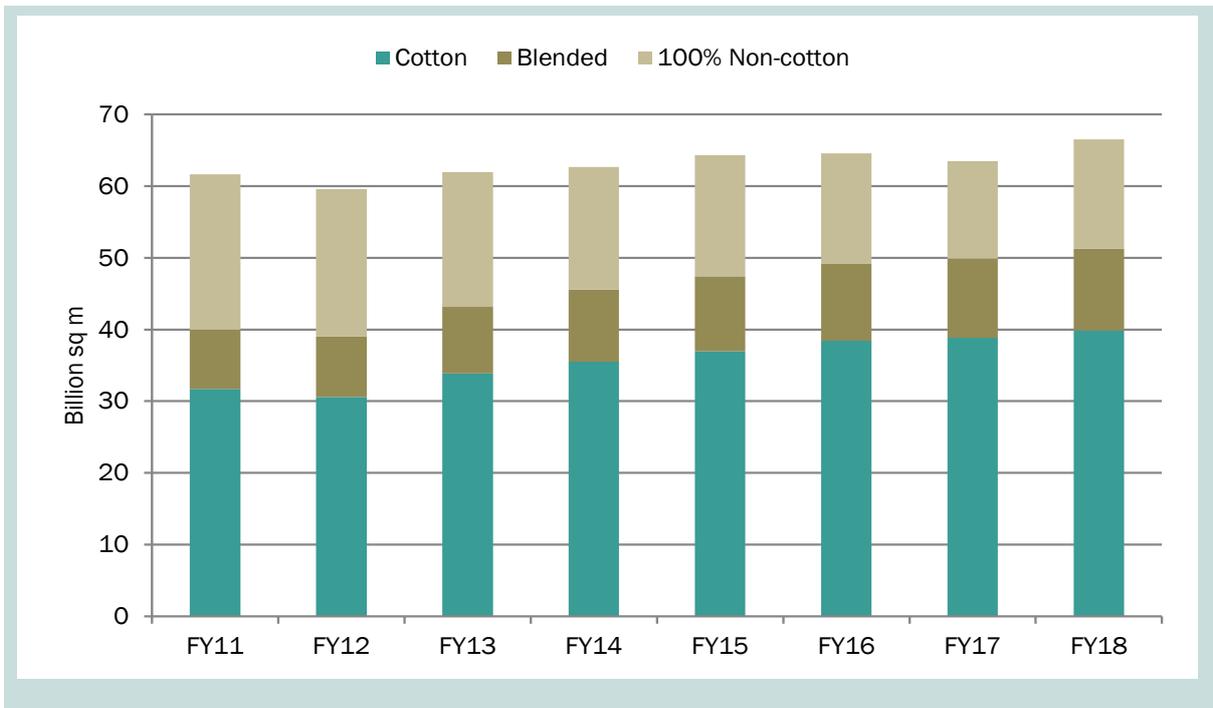
The fundamental strength of India's textile industry lies in its strong manufacturing capacity across a wide range of fibres and yarns including natural fibres such as cotton, jute, silk and wool as well as MMF such as polyester, nylon, acrylic and viscose. India produces 14% of the global output of textile fibres and yarns. The country is the leading producer of jute, second largest producer of silk and cotton, and third largest producer of cellulose fibres in the world. The Indian MMF textiles industry manufactures products of international standard and quality across categories. It is the world's second largest producer of manmade fibre and filament, having produced 211 million kg in FY17. One of the leading exporters of MMF textiles to the EU and the US, India is the second largest producer of polyester and viscose globally. The country is also the sixth largest exporter of MMF in the world, generating about US\$ 6 bn in annual export earnings. The Indian textiles sector has strong fundamentals and a rich base of raw materials across both the cotton and MMF segments. India has a robust textile value chain with presence across raw materials, fibre, yarn, fabric and fashion segments. While the upstream segments play an important role by supplying the much-needed inputs down the value chain, the downstream segments' value addition contributes to the sector's overall output and exports. The forward and backward integration imparts fundamental strength to the sector and puts it in an advantageous position to exploit the growth in demand for textiles across different end markets.

Fabric production in India stood at 64,421 million sq m with per capita cloth availability of 41.55 sq m in FY17. Production volumes of cotton, 100% non-cotton and blended fabrics were 38,837 million sq m, 13,563 million sq m and 11,080 million sq m, respectively. India exported cotton fabric worth Rs 10,994 crore while the value of manmade fabric exports was Rs 11,817 crore in FY17. In terms of overall textiles export (excluding readymade garments), cotton stood at Rs 68,475 crore compared to Rs 34,590 crore worth of manmade textiles during FY17.

### **Cloth Production in India by Fibre Type**



**Fabric Production Trend in India**



Source: Office of the Textile Commissioner, Ministry of Textiles; IBEF



## Policy Support

The government has taken various steps over the years to develop the textile industry and create an enabling environment for it to grow further. The Technology Mission on Cotton (TMC), Technology Upgradation Fund Scheme (TUFS) and rationalization of fiscal duties are amongst the policy initiatives taken to help support the textile industry. The rationalization of fiscal duties has provided a level playing field to all segments resulting in the holistic growth of the industry. While TMC led to an increase in cotton output and helped reduce contamination levels, TUFS has allowed the commissioning of state-of-the-art textile machinery at competitive capital costs.

**Technology Upgradation Fund Scheme:** Launched in 1999, TUFS is the Textile Ministry's flagship scheme for facilitating upgrade of technology in the textile industry by providing access to capital at internationally comparable interest rates. The scheme has enabled the installation of state-of-the-art machinery by the textile industry. A modified form of the scheme was implemented during FY08 to FY11 following which it was relaunched in FY12. The outlay for TUFS for the period 2012-17 was Rs 15,886 crore.

**Scheme for Integrated Textile Parks:** The Indian textile sector was largely fragmented with little integration across the segments of the value chain. Further, it suffered from the lack of availability of quality infrastructure. The Scheme for Integrated Textile Parks (SITP), launched in 2005, aimed to set up textile manufacturing units in a cluster and provide infrastructure facilities of global standards on a public private partnership (PPP) model. 40 projects were sanctioned under SITP with an aggregate cost of Rs 4,183 crore including government assistance of Rs 1,420 crore. Up until June 2010, the programme had received a grant funding of Rs 812 crore while it had a budget of Rs 1,400 crore for the Twelfth Plan period of 2012-17.

**Integrated Apparel Development Scheme:** The Integrated Apparel Development Scheme (IADS) involves setting up of integrated apparel clusters with the objective of generating employment opportunities in selected villages and cities identified by the state governments. The programme looks to promote self-employment, entrepreneurship development, industrialization and ancillarisation in the textile and apparel value chain. The incentives provided under the programme include fiscal benefits, power subsidy, transport subsidy, industrial infrastructure development, incentives for employing equipment for environmental protection, employees' accommodation and other benefits. The budget allocation for the scheme was Rs 1,000 crore for the period 2012-17.

**Integrated Skill Development Scheme:** The Integrated Skill Development Scheme (ISDS) looks to support the manpower needs of the textile sector and its value chain segments such as apparel, handicraft, handloom, jute, sericulture and technical textiles through skill development programs. The scheme engages state government agencies, training institutes and the private sector as implementing agencies. The programme aims to enhance the capacity and employability of the targeted trainees as it covers all facets of skill development such as basic training, upgrading of skills, advanced training in emerging technologies, training of trainers, orientation towards modern technology, and managerial skills. A total of 11.3 lakh training targets have been sanctioned under 76 projects involving 58 implementing agencies spread across India. Approximately 3,250 training centres are present in both urban and rural areas across almost all states including remote and backwards regions. 357 out of 664 districts across the country have been already covered by the programme.

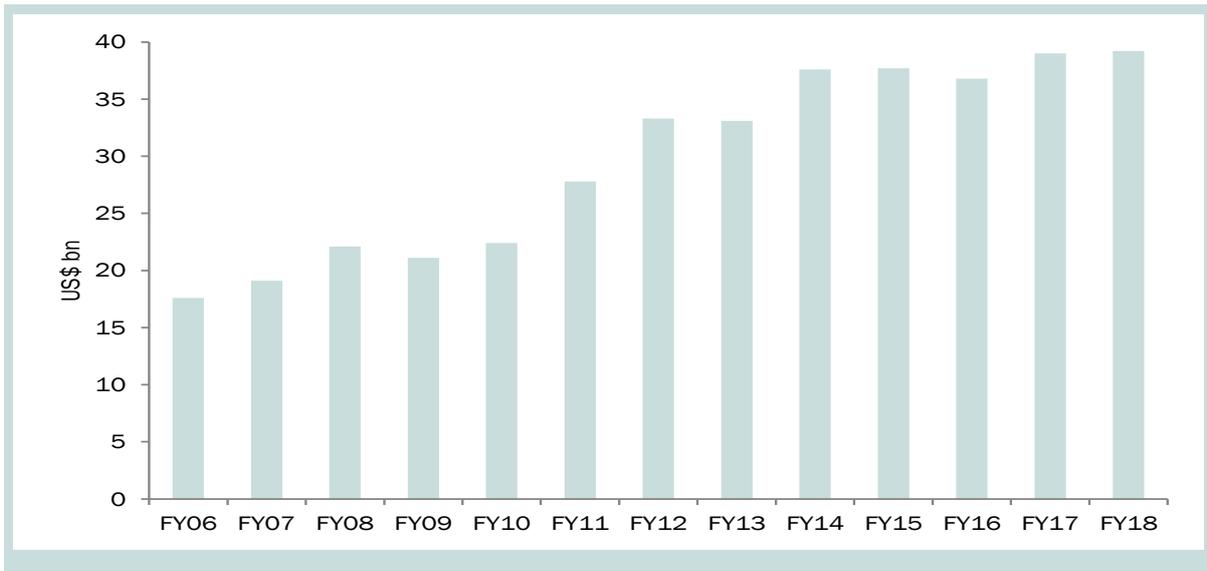
Some other policy initiatives towards strengthening and driving the textile sector are:

- Announcement of a special package of Rs 6,000 crore for the T&A sector in 2016 which was subsequently extended to the made-ups sector.
- Increase of the reward rate under the Merchandise Exports from India Scheme (MEIS) for readymade garments and made-ups from 2% to 4%. Rewards under MEIS are given in the form of duty credit scrip which can be transferred or used for paying duties/taxes including customs duty.
- The organization of India's first mega international trade event for the textile sector in 2017. The event was attended by CEOs and other delegates from over 100 countries and saw the signing of 65 MOUs.

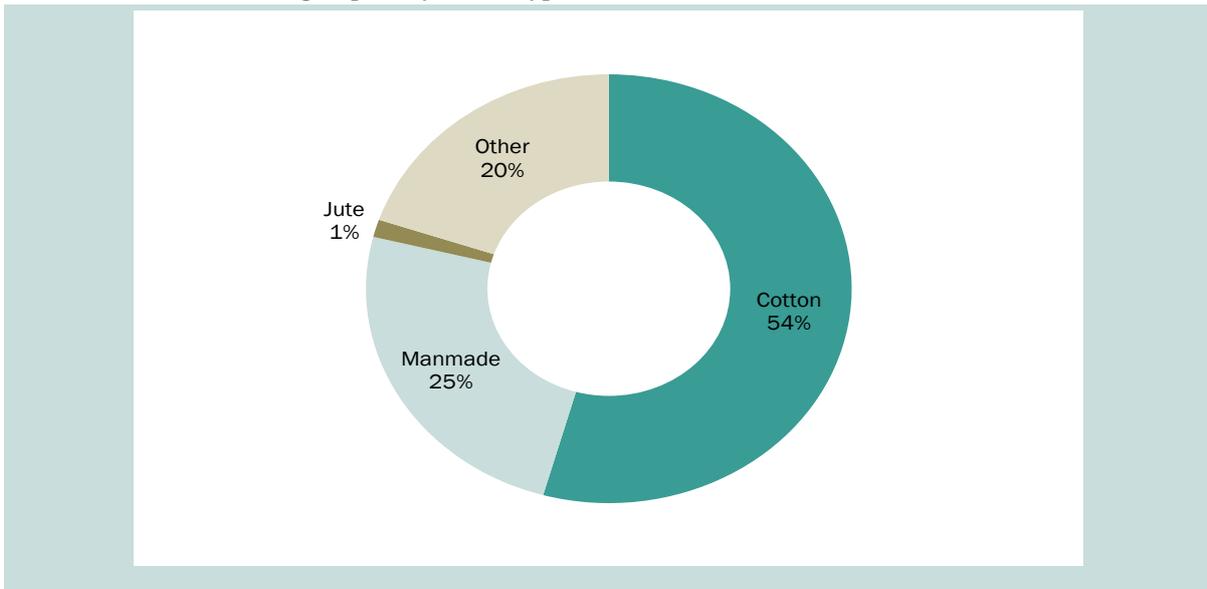


- The extension of Gujarat government's textile policy by a year until September 2018 is expected to attract an incremental investment of Rs 5,000 crore across the textile value chain. According to government estimates, up until September 2017, 1 million units of spindle capacity were added and over 1,000 technical textile units were set up since the commencement of the programme in 2013.
- The Textile Ministry has earmarked Rs 690 crore for setting up 21 readymade garment manufacturing units in seven states with the objective of developing and modernizing the Indian textile sector.
- The Ministry of Textiles and the Energy Efficiency Services Limited (EESL) has launched a technology upgrade scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving India's powerloom sector.

### India's Textile & Clothing Export



### India's Textile & Clothing Export by Fibre Type



Source: IBEF

## Outlook



The textile and apparel industry is projected to reach US\$ 223 bn by 2021 from US\$ 137 bn in 2016, implying a CAGR of 10%. The key drivers of this growth will be growing domestic demand as well as a buoyant export market, which, in turn, will be helped by the cost advantage of domestic production. The yarn market is estimated to be worth US\$ 12.6 bn by 2020, growing at 4.2% CAGR from 2015 to 2020. Indian textile and apparel exports are expected to more than double from US\$ 40 bn in 2016 to US\$ 82 bn in 2021, translating into a CAGR of 12%. (Source: Ministry of Textiles; IBEF)

Production of cotton and blended fabric in India has witnessed an upward trend in the past few years. Both cotton fabric and blended fabric production increased 3% to 39,894 million sq m and 11,384 million sq m, respectively in FY18. Production of 100% non-cotton fabric expanded strongly by 12% to 15,236 million sq m, last fiscal. (Source: Ministry of Textiles; IBEF)

India's per capita apparel consumption was US\$ 45 versus US\$ 172 of China in 2015. In 2010, the per capita consumption in India was US\$ 30 compared to China's US\$ 119, the US's US\$ 690 and the EU's US\$ 701. By 2025, India's per capita spend on clothing is expected to increase by more than 1.7x to US\$ 123 but the market will remain relatively underpenetrated. As a matter of fact, India's projected per capita consumption in 2025 will still be lower than 2015 levels in most developed countries and BRIC economies. (Source: [www.fashionunited.in](http://www.fashionunited.in); Technopak Advisors)

The demonetization of high value notes in November 2016 affected almost all sectors of the economy and especially the consumer markets. The T&A sector too saw a slide in demand on account of lower consumer spending during 2H FY17. This resulted in inventory accumulation at retailers leading to a slowdown in orders at apparel and home textile manufacturers. The tightened money supply also led to holdups in payments which trickled across the entire textile value chain resulting in a temporary slowdown. As the supply of currency notes increased and cashless transactions picked up, end market demand saw some traction. Subsequently there was another round of destocking preceding the launch of GST in July 2017 with business activity accelerating in the following months. The effect of GST will be positive in the medium-to-long term as it eases up the movement of goods and services across the textile value chain as well as across states. Moreover, the GST is beneficial for the organized sector as it creates a more level playing field by improving compliance and increasing market efficiency.

The Indian textiles sector is technologically advanced and enjoys a competitive advantage in the international market due to its quality standards and cost advantage. The textile industry is growing at a brisk pace driven by robust domestic consumption and export demand. The sector has witnessed strong investment flows in the past few years on the back of a strong textile and clothing export market with readymade garments accounting for the largest share of the pie. The Indian textiles market is still cotton-oriented with low penetration of MMF-based textiles unlike in the developed and other global markets. Consumption of MMF-based fabrics is, however, on the rise in India aided by factors such as cotton price fluctuations, growth of value retails, growth of women's wear, and extended presence and sourcing by global brands where polyester fibre is dominantly used. The under-penetration of MMF presents a robust opportunity for the sector in India with consumer preferences changing further in line with the global trend, driving increased consumption of MMF in the medium to long term. While demand for MMF-based fabrics will see a faster growth rate due to its lower base, cotton will continue to be the dominant fabric in the Indian domestic market going forward due to consumer preferences and climatic conditions.



## OUR BUSINESS

*Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements and also the section "Risk Factors" for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the Twelve-month period ended March 31 of that year. In this section, a reference to the "Company" or "we", "us" or "our" means Sahaj Fashions Limited.*

*All financial information included herein is based on the Chapter titled "Financial Statements of the Company" on page 149.*

### OVERVIEW OF OUR BUSINESS

Our Company was incorporated as Sahaj Fashions Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated May 20, 2011 in Kishangarh, Rajasthan. Further, upon conversion into a Public Limited Company pursuant to Shareholders Resolution dated April 02, 2018, the name of our Company was changed to "Sahaj Fashions Limited" vide fresh Certificate of Incorporation dated April 17, 2018 having CIN: U17119RJ2011PLC035248 issued by the Registrar of Companies, Jaipur.

SAHAJ is an ISO 9001:2015 recognized company for its Quality management System and also an ISO 14001:2015 recognised company for its Environmental Management System. We are engaged in manufacturing of international standard fabric which is used for various purposes such as Garments, Home Furnishings, and Industrial Applications, etc. We have expertise in manufacturing of primarily cotton suiting fabric and cotton shirting fabric apart from polyester based and cotton-polyester blended fabrics. We also manufacture cotton yarn dyed fabrics which are almost always in demand by the garment manufacturing industry. At present our sales have penetrated our home state of Rajasthan as well as some other states like Gujarat, Maharashtra & Delhi.

Our company was established in the year 2011 with an aim to manufacture of international standard textile fabric. Hence, our company purchased land in Kishangarh, Rajasthan to setup a manufacturing unit which we completed and the unit started commercial production on April 04, 2012 in a record time of 6 months from the date of laying the foundation stone.

In the year 2014, we exposed our product to international markets through Merchant Exporters in which we do not have to face the risk of forex fluctuation. In 2015, our company decided to enter into expansion with backward integration which is a pre-process of fabric weaving. As a result, our company installed and commissioned further machinery of Textile Preparatory (Sizing Machine Plant) in our manufacturing facility in Rajasthan thereby improving the quality and timely delivery of the orders.

In the year 2016, our company decided to set up an office at Ichalkaranji, Maharashtra near the border of Maharashtra and Karnataka with a vision to tap the nearby market regions of fine count shirting fabric primarily and as a result in a niche time SAHAJ became a known name in the market for the manufacturers based there. Due to the appropriate geographical location it is well connected to various important cities of India by the means of road, rail and air transportation.

In the past five financial years as per restated financials our revenues have continuously increased from Rs. 3,264.01 lakhs in FY 2013-14 to Rs. 3,814.93 lakhs in FY 2014-15 to Rs. 6,278.38 lakhs in FY 2015-16 to Rs. 8,349.74 lakhs in FY 2016-17 and further to Rs. 11,197.82 lakhs in FY 2017-18, showing an increase of 16.88%, 64.57%, 32.99% and 34.11%. Our Net Profit After Tax (PAT) for the above mentioned periods were Rs. 26.01



lakhs, Rs. 27.58 lakhs, Rs. 51.76 lakhs, Rs. 57.35 lakhs and Rs. 293.80 lakhs, respectively, showing an increase of 6.05%, 87.64%, 10.80% and 412.33%. The total revenue of our Company in these 5 financial years has grown at a CAGR of 36.12% and the profit after tax for the same period has grown at a CAGR of 83.33%.

## COMPETITIVE STRENGTHS

Since its inception, our company has worked earnestly towards providing the best quality and timely delivery of products and hence has acquired the following strengths in the industry –

### 1. **World Class Technology:**

We have the world class technology of looms for manufacturing of the fabric. The technology is suitable for manufacturing both type of fabrics viz. Cotton & Polyester and their mix such as polyester cotton blended, polyester viscose, etc. The updated technology also helps us to achieve cost efficiency as a result of higher production. We have world class machinery made in Japan, Germany, etc.

### 2. **Experienced Promoters & Management:**

Mr. Rohit Toshniwal, Promoter of our Company & Mr. Rakesh Choudhary, Marketing Head, both have experience of over 2 decades in the field of manufacturing fabrics. Mr. Rakesh Choudhary has a good and rich experience in sales and marketing of the fabric. They share a great relationship with the big buying houses of textile products in India.

### 3. **In House Preparatory:**

We had installed sizing plant through backward integration which is a pre-process of fabric weaving in our manufacturing process which has resulted in achieving increased efficiency in production with high level of quality improvement.

### 4. **Ability to cater huge demands:**

We cater the demand of fabric higher than our installed capacity since we also outsource the manufacturing of the fabrics on job work basis to reputed and well known units as per the requirements of the fabric. This helps us in achieving time bound delivery of the product to our customers.

### 5. **Comprehensive Product Portfolio:**

We at SAHAJ have a comprehensive portfolio of fabrics such as Cotton Shirting Fabric, Cotton Suiting Fabric, Cotton Lycra Fabrics, and Polyester Uniform Fabric etc. We are capable of supplying all kind of fabrics to cater the wide quality demands of our clients. We are also well equipped to undertake the custom made order of the clients.

## BUSINESS STRATEGY

### 1. **Continue to optimize our product mix to improve margins**

We will continue to actively manage our product mix at each of our plants to ensure maximizing our profit margins. Our Dobby (a process of giving design to fabrics) based suiting products have higher gross margins than our other products.

### 2. **Increase our focus on building our brands**

We plan to spend the majority of our advertising budget on activities such as foreign marketing tours for developing export markets, starting finished fabrics marketing through online retail and wholesale distributor



network, increased marketing base by developing domestic markets such as New delhi, Kanpur etc. Also our major focus shall be to foray into exports of canvas based fabrics to china, USA and other European countries.

### **3. Expansion**

In the upcoming years we are planning to expand our investments in plant and machinery by setting up new Airjet 9200I looms in Ichalakarnaji Maharashtra for catering to shirting markets and exports of grey shirting fabrics. Furthermore we are committed and planning rigorously to make economies of scale as well as working towards the common goal of increasing the value for the stakeholders. We are also very much eager to set up our own research unit which shall help us in understanding the ever changing markets. We are also planning to start yarn trading as the company has a dream to set up its own yarn manufacturing unit before 2020 which is a long term goal.

### **4. Increasing Operational efficiency**

We continue to invest in increasing our operational efficiency throughout the organization. We are addressing the increase in operational output through continuous process improvement, customer service, consistent quality 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.

### **5. Increase sales of our products by reaching out to finished whole sellers and expanding our export markets**

We plan to increase sales of our products by increasing the number of markets by developing newer export avenues. Our strategy is to focus on increasing the width and depth of our product range as the company is planning to use the additional working capital to develop sheeting, exports, home furnishing markets etc.

### **6. Focus on special product development for Exports:**

Our company is planning to put up stalls in the upcoming fairs of grey textiles coming up this year to make a network in international market. By analysing the current requirements in the exports market in technical textiles our company is focussed to develop a technical team for the same. Further, for exports the need is upgraded machinery and the company is planning to fulfil the same by continuously negotiating with the vendors.

## **LOCATION OF MANUFACTURING UNIT**

### **Unit – Rajasthan**

Khasra No. 1474, 1629, 1648/7770, 1674/7769, Kalyan Shree Industrial Estate, Village: Shreenagar, Nasirabad-Kishangarh Four Lane Expressway, Distt. Ajmer, Rajasthan – 305025

## **PLANT & MACHINERY**

Our Company has its manufacturing unit spanning at cumulative area of approximately 1,90,000 Sq. Ft. to serve our clientele from multiple regions. Out of the total area, 40.00 % of it is covered to serve the production, remaining area is used for offices and storage. Our Company has both domestic as well as imported machinery for manufacturing.

Following is the list of major machineries used by us in manufacturing process:

<b>Sr. No.</b>	<b>List of Machineries</b>	<b>Quantity</b>
1.	Tsudakamoa Airjet Looms	28
2.	Kaser Compressors	4
3.	Kaser Air Dryers	3
4.	Prashant Gamatex Sectional Warping	1
5.	Prashant Westpoint Sizing Machine	1
6.	Prashant Direct Warping Machine	2
7.	Cheema Boiler	1

8.	Cone Re Winding Machine With Splicer	2
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Apart from the above machinery we have DG Sets, Computer Systems and other necessary equipment at our plants.

**Following are the few pictures of Machinery installed at our manufacturing unit in Rajasthan -**

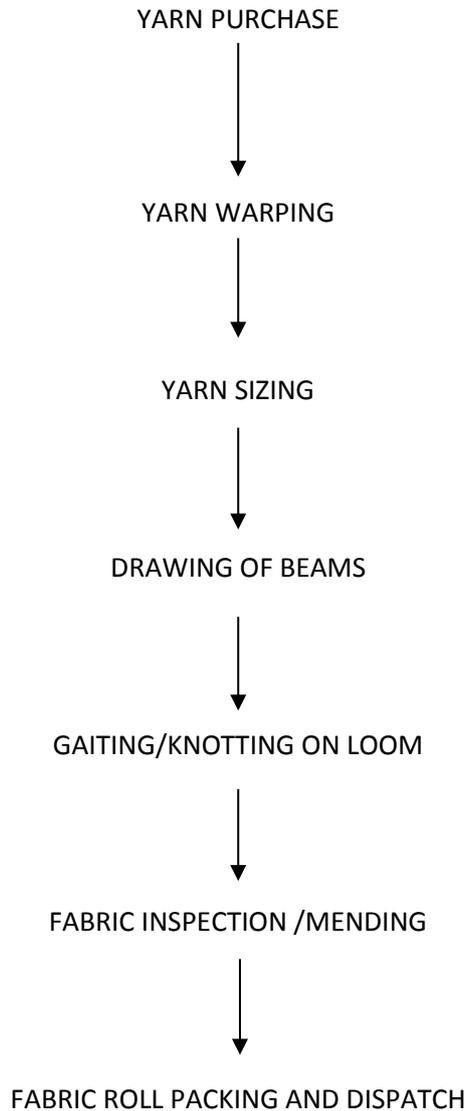


## MANUFACTURING PROCESS

Hi-tech international machinery and equipment are used to manufacture our products. As much of the process is automated as possible. Quality control and security measures are ensured at each production stage. Technicians are trained as per customer requirements for each order. Our Company goes out of its way to ensure that customers' needs are met.



## OUR MANUFACTURING PROCESS FLOW CHART :



## UTILITIES & INFRASTRUCTURE FACILITIES

Our manufacturing unit is equipped with computer systems, servers, relevant softwares such as communication equipment, power supply, internet connectivity, security and other facilities, which are required for our business operations to function smoothly.

### Power

The total power requirement for our manufacturing unit situated in Rajasthan is 590 HP at 360 KVA for Weaving and 290 HP at 165 KVA for Sizing which is fulfilled by Ajmer Vidyut Vitran Nigam Ltd. We also have adequate power back-up supported with D.G. sets for emergency power requirement.

### Water

The water required for our manufacturing process is procured from the local bore wells and/or external water supply agencies operating in the local area where our manufacturing facility is situated.

### Procurement of Raw Material

The major raw material used in the manufacturing of the fabrics is yarn. We have not entered into any long term supply contracts for the supply of the yarns. The yarns are procured from local suppliers such as dealers, traders and brokers available in Rajasthan as well as from other states like Gujarat, Maharashtra, Punjab, etc. which are cost efficient and easily available.

Following are the details of purchases from Top 5 and Top 10 suppliers of our company as per latest audited financial results:

Sr. No.	Particulars	Amount (Rs. in Lakhs)	Percentage of Total Purchases
1	Purchases from top 5 Suppliers	3,855.42	41.99%
2	Purchases from top 10 Suppliers	5,458.07	59.44%

### PRODUCT PORTFOLIO

Following is the product mix of our company-

#### A. Cotton Shirting:

We are manufacturing 100% cotton fabric from count range 40s to 80s. This fabric is mainly used for manufacturing of shirts. We have wide range of designs and qualities in shirting fabrics



#### B. Cotton Suiting:

We have expertise in manufacturing of 100% Cotton Suiting and Bottom Wear Fabric. We have wide range of Dobby Designs in bottom wear fabric. We play in count range from 10s to 30s cotton. We also manufacture cotton lycra based suiting.



#### C. Fancy Fabric:

We use different types of manmade and natural threads for this product. This is widely used in shirting and kids garment industry. We also manufacture linen fabrics using natural linen fibers.





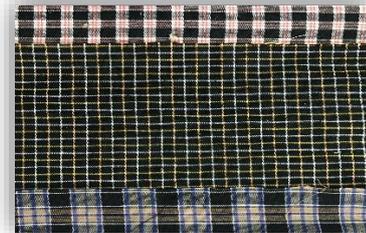
**D. Yarn Dyed Fabrics:**

We are regularly manufacturing order based yarn dyed fabric. We majorly use yarn count 40s and 60s in yarn dyed shirting. These are custom made designs and are made as per orders.



**E. Blended Fabric of Polyester:**

We also deal in wide range of Polyester and Polyester Cotton Fabric. These are made up of polyester yarn and cotton polyester blended yarn. Further in this range we deal in Polyester Viscose fabric as well.



**DETAILS OF INSTALLED CAPACITY**

The following table illustrates the production & utilization capacity in the last three financial years:

*(Units in Metres per Annum)*

2017-18		2016-17		2015-16	
Installed Capacity	Utilisation	Installed Capacity	Utilisation	Installed Capacity	Utilisation
60,00,000	88.50	60,00,000	86.50	60,00,000	83.60

**MARKETING**

We have developed a marketing network across various states in the country. Our marketing team is led by Mr. Rakesh Choudhary, a BSc. Graduate, holding 2 decades of experience in textile industry who is responsible for the overall marketing strategies. The team also comprises of managers which lead the sub-departments of private sector/ dealer liaising, government sector liaising and special products. Our marketing team is also assisted by a technical team. The marketing team taps the various entities through the direct marketing approach by identifying their requirements and showcasing our ability to provide customized products.

Our major customers are based at Gujarat, Rajasthan & Maharashtra. Following are the details of income from Top 5 and Top 10 customers of our company as per latest audited financial results:

Sr. No.	Particulars	Amount (Rs. in Lakhs)	Percentage of Total Revenue
1	Income from top 5 Customers	5,173.00	46.20%
2	Income from top 10 Customers	7,405.58	66.13%



## HUMAN RESOURCES

Our Company believes that a motivated and empowered employee base is key to its operations and business strategy, and has developed a sufficient pool of skilled and experienced personnel overtime. Its employee policies have always aimed to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate both the growth of its operations and its employees. Our Company is committed towards ensuring an empowering environment that motivates and facilitates growth and contribution.

The following table illustrates the department wise numbers of our employees as July 31, 2018.

Department	Number of Employees
Management	4
Administration	3
Accounts & Finance	4
Production	110
Sales & Marketing	3
<b>Total</b>	<b>124</b>

We also use to employ 10-20 casual / daily wagers on daily/monthly basis depending on the work load.

## COMPETITION

The market for our products is highly competitive and fragmented. Much of the market in which we operate is unorganized with many small and medium-sized entities. Our competition varies for our products and regions. We compete with other manufacturers on the basis of product range, product quality, and product price including factors, based on reputation, regional needs, and customer convenience. While these factors are key parameters in client's decisions matrix in purchasing goods; product range, product quality and product price is often the deciding factor in most deals. We face competition from various manufacturers such as –

- Arvind Limited
- Nahar Industrial Enterprises Limited
- Sangam India Limited
- S K S Textiles Limited
- Anjani Synthetics Limited
- Kallam Textiles Limited

In order to counter the competition, our focus would be to provide products that would be in consonance with technical and quality requirements of our customer as well as by trying to offer a competitive pricing model without compromise on the quality.

Our competition depends on the products being offered by various companies in the organized and unorganized segment besides several other factors like quality, price and capacity to deliver. We believe that we are able to compete effectively with them due to our product portfolio, strong marketing network, customized and quality processing services. We expect that our commitment to quality, past record of timely execution and transparency will provide us with an edge over our competitors.



## INTELLECTUAL PROPERTY

We have applied for the following Trademarks under the Trademarks Act, 1999 –

Sr. No.	Trademark / Logo	Date of Application	Application No.	Class	Current Status	Validity
1.		July 13, 2018	3887370	24	Objected	-

## LAND & PROPERTIES

The following table sets for the significant properties owned by us:

Sr. No.	Description of Land/Property	Date of Purchase	Use	Title
1.	Khasra No. 1474, Kalyan Shree Industrial Estate, Village: Shreenagar, Nasirabad-Kishangarh Four Lane Expressway, Distt. Ajmer, Rajasthan - 305025	May 25, 2011	Factory	Mortgaged to HDFC Bank
2.	Khasra No. 1629, 1648/7770, 1674/7769, Kalyan Shree Industrial Estate, Village: Shreenagar, Nasirabad-Kishangarh Four Lane Expressway, Distt. Ajmer, Rajasthan - 305025	May 01, 2014	Factory	Mortgaged to HDFC Bank

Following table sets forth the properties taken on lease / rent by us:

Sr. No.	Location of the property	Document and Date	Lease Rent/ License Fee (in Rs.)	Lease/License period		Use
				From	To	
1.	3/53 Bohara Market, Ichalkaranji, District, Kolhapur - 416115	Lease Agreement dated 30.07.2018	Rs 2,65,000 per annum	01.04.2018	31.03.2019	Office, Staff Residence and Godown

## INSURANCE

The Insurance policies covered by our Company are:

Sr. No.	Insured's Address	Name of the Policy	Policy No.	Insurance Company	Coverage (Rs. in crores)	Expiry Date
1.	Khasra no. 1474, Kalyan Shree Industrial Estate & Khasra no. 1629, 1648/7770, 1674/7769, RJ001, Ajmer, RJ, Rajasthan - 305002, India.	Earthquake (Fire & Shock)	3314001118 0100000032	The New India Assurance Company Limited	43.10	May 20, 2019



## KEY REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see the section titled “Government and other Approvals” on page 199 of this Draft Prospectus.*

This chapter has been classified as under:

- A. Business and Trade related regulations
- B. Statutory and business laws
- C. Laws relating to Labour and Employment
- D. Environmental laws
- E. Tax Laws
- F. Intellectual Property Laws
- G. Foreign Investment Regulations

### A. BUSINESS AND TRADE RELATED REGULATIONS

#### National Textile Policy 2000 (“NTP 2000”)

The NTP 2000 aims at facilitating the growth of the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. This objective is sought to be achieved by liberalizing controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment. One of the key focus areas of the NTP 2000 is on the implementation, in a time bound manner, of the Technology Upgradation Fund Scheme (“TUFS”) covering all manufacturing segments of the industry, seeking to build world class state of the art manufacturing capabilities in conformity with environmental standards. Additionally, certain sector specific initiatives envisaged under the NTP 2000 include raw materials, clothing, exports, and knitting. The GoI constituted an expert level committee in December 2013 to review the NTP 2000 and to formulate a new textile policy to address concerns of adequate skilled work force, labour reforms, attracting investments in the textile sector and for providing a future road map for the textile and clothing industry.

The Government of India, in July 2014, submitted a draft of a new national textile policy, the Vision, Strategy and Action Plan for Indian Textile and Apparel Sector (2024) (“Draft NTP”) with the objective of achieving US\$300.0 billion exports and 20% share of the global trade in the textile sector by 2024-25. However, the said Draft NTP is not yet notified.

Following are the schemes currently enforced by the government: -

#### ➤ **Scheme for Integrated Textile Parks (SITP)**

Government of India has launched “Integrated Textile Parks” scheme. SITP would create new textile parks of international standards at potential growth centers by 2007-08. The SITP is launched by merging the existing two schemes namely, the Scheme for Apparel Parks for Exports (APE) and the Textile Center Infrastructure Development Scheme (TCIDS). One of the main purposes of introducing the SITP is to provide the industry with world-class infrastructure facilities for setting up their textile units. Industry Associations / Group of Entrepreneurs are the main promoters of the Integrated Textiles Park (ITP).

➤ **100% Foreign Direct Investment (FDI) in the Textile Sector**

The Indian Government has allowed foreign equity investment up to 100% through automatic route, in the textile sector. Indian manufacturing companies are allowed 100% FDI to carry out wholesale trading on “a cash and carry basis” and also export trading through the automatic route, without seeking prior Government approval.

➤ **Integrated Wool Development Programme (IWDP)**

The Integrated Wool Development Programme (IWDP) is an umbrella programme which will be implemented over three years i.e. from 2017-18 to 2019-20 in all wool producing states. Following are the Schemes under this programme:

- a) Wool Marketing Scheme (WMS)
- b) Wool Processing Scheme (WPS)
- c) HRD & Promotional Activities (HRD)
- d) Angora Wool Development Scheme (AWDS)
- e) Wool Development Scheme (WDS)
- f) Social Security Scheme: (SSS)
- g) Reconstruction Plan for J&K State (Pashmina Promotion Programme: P-3)

➤ **Duty Drawback Scheme**

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

➤ **Revised Restructured Technology Upgradation Fund Scheme**

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

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

Ministry of Textiles, Government of India has notified Amended Technology Up Gradation Fund Scheme vide notification dated January 13, 2016. In order to promote ease of doing business, promote make in India with “Zero effect and Zero defect” in manufacturing and increase the employment, government will be providing credit linked Capital Investment Subsidy (CIS) under the ATUFS. The Scheme would facilitate augmenting of investment, productivity, quality, employment and exports. It will also increase investment in textile industry (using benchmarked technology). Entities registered as Companies which have acknowledgment of Industrial Entrepreneur Memorandum (IEM) with DIPP except MSME units registered with the concerned Directorates of



the State Government showing clearly the activity for which the unit is registered, will only be eligible to get benefits under the scheme. Only benchmarked machinery as specified will be eligible for the subsidy under the scheme. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted to Rs. 30 Crore.

➤ **Duty entitlement pass-book ("DEPB") scheme**

DEPB credit rates have been prescribed for 83 textiles and clothing products. The scheme aims to neutralize the incidence of basic and special custom duty on the import content of the export product, by way of grant of duty credit against the export product at specified rates. However, these export incentives may be reviewed shortly to make them WTO compatible.

➤ **Merchandise Exporter from India ("MEI") Scheme**

Pursuant to the Foreign Trade Policy (2015-2020), the MEI scheme has replaced five earlier schemes and was introduced to offset infrastructure inefficiencies and associated costs in export of goods, especially those having high export intensity, employment potential and able to enhance our export competitiveness. The basis for calculation of the reward under the MEI scheme is on the FOB value of exports realized in free foreign exchange or on the FOB value of exports mentioned in the shipping bill, whichever is less, unless otherwise specified.

➤ **Interest Equalization Scheme**

Interest Equalization Scheme on pre and post shipment rupee export credit for five years, starting April 1, 2015. This will provide relief to the exporters from India who were facing extensive competition because of higher interest rates than competing countries like Vietnam, China etc.

➤ **Market Development Assistance (MDA)**

Marketing Development Assistance (MDA) Scheme is to support/assist exporters/EPCs to undertake export promotion activities for their product(s) and commodities through Focus export promotion programmes in specific regions abroad viz. FOCUS (LAC), Focus (Africa), Focus (CIS) and Focus (ASEAN + 2) programmes. The incentives under this Scheme are primarily given to develop the already accessed markets abroad.

➤ **Market Access Initiative (MAI)**

Market Access Initiatives (MAI) Scheme is an Export Promotion Scheme envisaged to act as a catalyst to promote India's export on a sustained basis. The scheme is formulated on focus product-focus country approach to evolve specific market and specific product through market studies/survey.

### **Textile Committee Act 1963**

The functions of the Committee shall generally be to ensure by such measures, as it thinks fit, standard qualities of textiles both for internal marketing and export purposes and the manufacture and use of standard type of textile machinery. The Committee may undertake, assist and encourage, scientific, technological and economic research in textile industry and textile machinery; promote export of textiles and textile machinery; establish or adopt or recognize standard specifications for textiles and packing materials used in the packing of textiles or textile machinery, export and for internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials.



### **Textiles Committee (Cess) Rules, 1975**

As per Section 5A (1) of the Textiles Committee Act, a Cess in the nature of excise duty has been imposed on all textiles and textile machinery manufactured in India. As per Section 5E of the Act, by notification, the following categories of textile items have been exempted from payment of Cess leviable under Section 5 of the Act. a) Rags and Chindis. b) All types of waste whatever description i.e. Yarn Waste, Hard Waste, Cotton Waste, Woolen Waste, Art-Silk Waste etc. c) Samples of textiles.

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

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

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

The Textile Order was brought into force by the Central Government under section 3 of the Essential Commodities Act, 1995 and repealed the Textile (Development and Regulation) Order, 1993. Under the Textile Order every manufacturer of Textiles, Textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, consumption, etc. and shall furnish such returns or information in respect of their business as and when directed by the Textile Commissioner.

The Textile Order further provides that no person shall make any markings on any textiles resembling the brand name or trade name of any other person who has applied for or obtained a registration to that effect under the Trade and Merchandise Marks Act, 1958, except under and limited to the extent of specific authorization by the holder of or application for such brand or trade name.

## **B. STATUTORY AND COMMERCIAL LAWS**

### **The Companies Act, 2013**

The Companies Act, 2013 ("CA 2013") has been introduced to replace the existing Companies Act, 1956 in a phased manner. The CA 2013 primarily regulates the formation, financing, functioning and winding up of companies. The CA 2013 prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of the company. It plays a fundamental role in protecting the investors and the shareholders and balances it with different aspects of company autonomy. The Ministry of Corporate Affairs has also issued Rules complementary to the Act, establishing the procedure to be followed by the companies in order to comply with the substantive provisions of the CA 2013

### **Competition Act, 2002**

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



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

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

## **Indian Contract Act, 1872**

Indian Contract Act codifies the way we enter into a contract, execute a contract, and implement provisions of a contract and effects of breach of a contract. The Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced as amended from time to time. It determines the circumstances in which promise made by the parties to a contract shall be legally binding on them. Each contract creates some right and duties upon the contracting parties. Indian contract deals with the enforcement of these rights and duties upon the parties.

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

## **Negotiable Instruments Act, 1881**

In India, cheques are governed by the Negotiable Instruments Act, 1881, which is largely a codification of the English Law on the subject. The Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honoured by their bankers and returned unpaid. Section 138 of the Act, creates statutory offence in the matter of dishonour of cheques on the ground of insufficiency of funds in the account maintained by a person with the banker which is punishable with imprisonment for a term which may extend to two year, or with fine which may extend to twice the amount of the cheque, or with both.

## **The Registration Act, 1908 ("Registration Act")**

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

## **Indian Stamp Act, 1899(the "Stamp Act")**

Under the Indian Stamp Act, 1899 (the "**Stamp Act**") stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable



rates for stamp duty on instruments chargeable with duty vary from state to state. Instruments chargeable to duty under the Stamp Act, which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

### **The Sale of Goods Act, 1930**

The law relating to the sale of goods is codified in the Sale of Goods Act, 1930. It defines sale and agreement to sell as a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price and provides that there may be a contract of sale between part owner and another and that the contract of sale may be absolute or conditional. According to the provisions of this Act, a contract of sale is made by an offer to buy or sell the goods for a price and the acceptance of such offer. The Act further provides that the contract may provide for the immediate delivery of the goods or immediate payment of the price or both or for the delivery or payment by installments or that the delivery or payment or both shall be postponed. Provisions are made in this Act for existing or future goods, perishable goods, ascertainment of price, conditions and warranties, effects of the contract, delivery to courier, duties of seller and buyer, buyer's right of examining the goods, liability of buyer for neglecting or refusing the delivery of goods, rights of unpaid seller, suits for breach of the contract, sale, etc.

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

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

### **Electricity Act, 2003**

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

### **The Legal Metrology Act 2009**

The Legal Metrology Act, 2009 (“LMA”) provides for establishing uniform standards of weights and measures regulate trade in weights, and other goods which are sold or distributed by weight, measure or number. Every manufacturer, repairer and seller shall have to obtain a license from the respective Controller. The Act allows Govt. approved test centers to verify weights and measures.



## C. LAWS RELATING TO LABOUR AND EMPLOYMENT

As part of business of the Company it is required to comply from time to time with certain laws in relation to the employment of labour. A brief description of certain labour legislations which are applicable to the Company is set forth below:

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

This Act came into force on April 01, 1949 and extends to the whole of India, including Jammu and Kashmir. It has been enacted to regulate working conditions in factories and to ensure the provision of the basic minimum requirements for safety, health and welfare of the workers as well as to regulate the working hours, leave, holidays, employment of children, women, etc. It ensures annual leaves with wages, provides additional protection from hazardous processes, additional protection to women workers and prohibition of employment of children.

### **The Indian Boilers Act, 1923**

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

### **Employees State Insurance Act, 1948, as amended (the “ESIC Act”)**

The Employee’s Compensation Act, 1923 has been enacted with the objective to provide for the payment of compensation by certain classes of employers to their workmen or their survivors for industrial accidents and occupational diseases resulting in the death or disablement of such workmen. The Act makes every employer liable to pay compensation in accordance with the Act if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by an accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the Act within one month from the date it falls due, the Commissioner may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

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

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

### **Employees' Compensation Act, 1923**

The Employee's Compensation Act, 1923 ("ECA") has been enacted with the objective to provide for the payment of compensation by certain classes of employers to their workmen or their survivors for industrial accidents and occupational diseases resulting in the death or disablement of such workmen. The Act makes every employer liable to pay compensation in accordance with the Act if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by an accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the Act within one month from the date it falls due, the Commissioner may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

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

The Payment of Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments, either directly or indirectly through a sub-contractor, where the monthly wages payable to such persons is less than Rs. 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

### **The Payment of Gratuity Act, 1972**

The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more employees are employed or were employed on any day of the preceding twelve months, as notified by the Central Government from time to time. Penalties are prescribed for noncompliance with statutory provisions. Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs. 1 million

### **Employees Provident Fund and Miscellaneous Provisions Act, 1952 ("Act") and the schemes formulated there under ("Schemes")**

This Act provides for the institution of provident funds, family pension funds and deposit linked insurance fund for the employees in the factories and other establishments. Accordingly, the following schemes are formulated for the benefit of such employees:

i. **The Employees Provident Fund Scheme:** As per this Scheme, a provident fund is constituted and both the employees and employer contribute to the fund at the rate of 12% (or 10% in certain cases) of the basic wages, dearness allowance and retaining allowance, if any, payable to employees per month.

ii. **The Employees' Pension Scheme:** Employees' Pension Scheme is Pension Scheme for survivors, old aged and disabled persons. This Scheme derives its financial resource by partial diversion from the Provident Fund contribution, the rate being 8.33%. Thus, a part of contribution representing 8.33 per cent of the employee's pay shall be remitted by the employer to the Employees' Pension fund within 15 days of the close of every month by a separate bank draft or cheque on account of the Employees' Pension Fund contribution in such manner as may be specified in this behalf by the appropriate authority constituted under the Act. The Central Government shall also contribute at the rate of 1.16 per cent of the pay of the members of the Employees' Pension Scheme and credit the contribution to the Employees' Pension Fund.



iii. **The Employees Deposit Linked Insurance Scheme:** As per this Scheme, the contribution by the employer shall be remitted by him together with administrative charges at such rate as the Central Government may fix from time to time under Section 6C (4) of the Act, to the Insurance Fund within 15 days of the close of every month by a separate bank draft or cheque or by remittance in cash in such manner as may be specified in this behalf by the appropriate authority constituted under the Act.

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

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

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

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

#### **The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976**

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

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

This statute prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under this Act the employment of child labour in the building and construction industry is prohibited.

#### **The Maternity Benefit Act, 1961("Maternity Act")**

The Maternity Benefit Act, 1961 was enacted by Parliament in the Twelfth Year of the Republic of India to regulate the employment of women in certain establishments for certain periods before and after child-birth and to provide for maternity benefit and certain other benefits.

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

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“**SHWW Act**”) provides for the protection of women at work place and prevention of sexual harassment at work place. The Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behavior namely, physical contact and advances or a demand or request for sexual favours or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the



establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to Rs. 50,000/- (Rupees Fifty Thousand Only).

### **The Industrial Disputes Act, 1947**

The Industrial Disputes Act, 1947 (the “ID”) provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

### **Inter State Migrant Workers (Regulation of Employment and Conditions of Service) Act, 1979;**

The Inter State Migrant Workers (Regulation of Employment and Conditions of Service) Act, 1979 was enacted by Parliament in the Thirtieth Year of the Republic of India to regulate the employment of inter-State migrant workmen and to provide for their conditions of service and for matters connected therewith. This Act makes provision for availing with the onsite services of interstate workers by the contractors / establishments to overcome only the temporary shortage of required skilled workers in a state. The purpose of this act is not to encourage interstate migration of workers against the interests of local workers as the principal employers would have to incur more cost in deploying interstate workers.

### **Industrial Employment (Standing Orders) Act, 1946**

The Industrial Employment (Standing Orders) Act, 1946 require employers in industrial establishments formally to define conditions of employment under them and applies to every industrial establishment wherein one hundred or more workmen are employed, or were employed on any day of the preceding twelve months.

### **Apprentices Act, 1961**

The Apprentices Act was enacted in 1961 for imparting training to apprentices i.e. a person who is undergoing apprenticeship training in pursuance of a contract of apprenticeship. Every employer shall make suitable arrangements in his workshop for imparting a course of practical training to every apprentice engaged by him in accordance with the programme approved by the apprenticeship adviser. The central apprenticeship adviser or any other person not below the rank of an assistant apprenticeship adviser shall be given all reasonable facilities for access to each apprentice with a view to test his work and to ensure that the practical training is being imparted in accordance with the approved programme.

## **D. ENVIRONMENTAL LAWS**

The Environment (Protection) Act, 1986 as amended, (“**Environment Protection Act**”), the Water (Prevention and Control of Pollution) Act, 1974, as amended, (“**Water Act**”) and the Air (Prevention and Control of Pollution) Act, 1981, (“**Air Act**”) provide for the prevention, control and abatement of pollution. Pollution control boards have been constituted in all states in India to exercise the powers and perform the functions provided for under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain consents of the relevant state pollution control boards for emissions and discharge of effluents into the environment.

**The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 as amended, (“Hazardous Wastes Rules”)** impose an obligation on every occupier of an establishment generating hazardous waste to recycle or reprocess or reuse such wastes in a registered recycler or to dispose of such hazardous wastes in an authorized disposal facility. Every person engaged, inter alia, in the generation, processing, treatment,



package, storage and destruction of hazardous waste is required to obtain an authorization from the relevant state pollution control board for collecting, recycling, reprocessing, disposing, storing and treating the hazardous waste. 80 The Environmental Impact Assessment Notification dated September 14, 2006 read with notifications dated October 11, 2007, December 1, 2009, April 4, 2011 and January 25, 2012, issued under the Environment Protection Act and the Environment (Protection) Rules, 1986, requires prior environmental clearance of the Ministry of Environment and Forests, GoI and at state level, of the state environment impact assessment authority, if any new project (specified in the notification) is proposed to be undertaken or for expansion and modernization of existing projects beyond certain specified threshold limits. The environment clearance (for commencement of the production operations) is valid for the time period prescribed in the notification.

### **The Public Liability Insurance Act, 1991**

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

### **The Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)**

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the above requirements include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. Under the Air Act, the Central Board for the Prevention and Control of Water Pollution has powers, inter alia, to specify standards for quality of air, while the State Board for the Prevention and Control of Water Pollution have powers, inter alia, to inspect any control equipment, industrial plant or manufacturing process, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry and to obtain information from any industry.

### **Water (Prevention and Control of Pollution) Cess Act, 1977, as amended (the “Water Cess Act”)**

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for noncompliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of 1,000 or both and penalty for non-payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.



### **The Noise Pollution (Regulation & Control) Rules 2000 (“Noise Regulation Rules”)**

The Noise Regulation Rules regulate noise levels in industrial, commercial and residential zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near schools, courts, hospitals, etc. The rules also assign regulatory authority for these standards to the local district courts. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the Environment (Protection) Act, 1986.

## **E. TAX LAWS**

### **The Income Tax Act, 1961**

The Income Tax Act, 1961 deals with the taxation of individuals, corporate, 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. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act.

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

The Government of India proposed a comprehensive national goods and services tax ("GST") regime that would combine taxes and levies by the Central and State Governments into a unified rate structure. In this regard, the Constitution (101 Amendment) Act 2016, which received presidential assent on September 8, 2016, enabled the Government of India and State Government to introduce GST. Accordingly, GST was enacted to make a provision for levy and collection of tax on supply of goods or services or both and was made effective from July 1, 2017. GST is a destination based tax levied on supply of goods and services. GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services. India adopted a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single state are levied with Central GST (CGST) by the Central Government and State GST (SGST) by the Government of that State. For inter-State transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST will be levied on all stages of the supply chain till the final sale to consumers, providing ITC the supply chain. There will be four tax rates namely 5%, 12%, 18% and 28%. The rates of GST applied are subject to variations based on the goods and services.

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

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

## **F. INTELLECTUAL PROPERTY LAWS**

India has certain laws relating to intellectual property rights such as patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 trademark protection under the Trade Marks Act, 1999, and design protection under the Designs Act, 2000.

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

The Act provides for the process for making an application and obtaining registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain



relief in case of infringement for commercial purposes as a trade description. The Trademarks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks.

### **The Designs Act, 2000**

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

## **G. FOREIGN INVESTMENT REGULATIONS**

### **The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development & Regulation) Act, 1992, provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto.

### **Foreign Exchange Management Act, 1999 (“the FEMA”), and Rules and Regulations thereunder**

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment 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. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer of 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. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.

## **Other Laws**

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



## OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

### BRIEF HISTORY OF OUR COMPANY

Our Company was incorporated as Sahaj Fashions Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated May 20, 2011 in Kishangarh, Rajasthan. Later our company was converted into a Public Limited Company pursuant to Shareholders Resolution dated April 02, 2018 and the name of our Company was changed to “Sahaj Fashions Limited” vide fresh Certificate of Incorporation dated April 17, 2018 having CIN U17119RJ2011PLC035248 issued by the Registrar of Companies, Jaipur.

The registered office of our company is situated at Shree Bhawan, Ajmer Road, Madanganj Kishangarh, Rajasthan 305801, India.

#### Initial subscribers to the Memorandum of Association of our Company

1. Mr. Rohit Toshniwal
2. Mrs. Sadhana Toshniwal
3. Mr. Norat Mal Choudhary
4. Mrs. Prabha Lakhotia

#### Current promoters of our Company

1. Mr. Rohit Toshniwal
2. Mr. Norat Mal Choudhary
3. Mrs. Prabha Lakhotia

### BUSINESS AND MANAGEMENT

For a description of our activities, products, market segments, the growth of our Company, the standing of our Company with reference to prominent competitors in connection with our products, management, environmental issues, regional geographical segment etc., see “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Government and Other Approvals” on pages 96, 81, 181 and 199 respectively. For details of the management of our Company and its managerial competence, see “Our Management” on page 123.

### CHANGE IN REGISTERED OFFICE

There has been no change in our Registered Office since inception till the date of this Draft Prospectus.

### KEY EVENTS AND MILESTONES IN THE HISTORY OF OUR COMPANY

Year	Events & Milestones
2012	Our unit situated in Rajasthan started its commercial production on April 04, 2012 in a record time of 6 months from the date of laying the foundation stone.
2014	Company Exposed itself to Export Market Through Merchant Exporter.
2015	Our company expanded with backward integration by setting up a Yarn Sizing Unit in the Rajasthan facility thereby improving the quality and timely delivering of the orders.
2016	We set up an office in Ichalkaranji, Maharashtra for coordinating job work based manufacturing of fine count shirting fabric and as a result in a niche time SAHAJ became a known name in our industry based markets there.
2017	We received certification under ISO 9001:2015 for our Quality management System and ISO 14001:2015 for our Environmental Management System.



2018	Achieved a Turnover of more than 100 crore in FY 2017-18.
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### OUR MAIN OBJECT(S)

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

1. *To carry on the business as weavers or otherwise manufacturers, buyers, sellers, importers, exporters and dealers of all kinds of man-made fibers, silk, art silk, synthetic, woolen and cotton fabrics and other fibrous products including dressing and furnishing materials, uniforms, readymade garments, carpets and carpet backing, yarn and sewing thread and other textiles.*
2. *To carry on the business of packing, grading, crimping, twisting, texturing, bleaching, dyeing, printing, mercerizing or otherwise processing yarn, cloth, carpets, blankets and other textile goods, whether made from cotton, silk, synthetic and other fibers or blends thereof.*

### AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

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

Date of Shareholders' Approval	Amendment
April 02, 2018	Our Company got converted into a Public Limited Company vide a fresh Certificate of Incorporation dated April 17, 2018 having CIN U17119RJ2011PLC035248.

For details on change in Authorised Share Capital, see "Capital Structure" on page 54.

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Date of Shareholders' Approval	Amendment
April 02, 2018	Our Company got converted into a Public Limited Company vide a fresh Certificate of Incorporation dated April 17, 2018 having CIN U17119RJ2011PLC035248.
August 20, 2018	Our Company adopted new set of Articles of Association of the Company in pursuance to comply with the requirements of a listed company.

### HOLDING COMPANY OF OUR COMPANY

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

### SUBSIDIARY COMPANY OF OUR COMPANY

Our Company does not have any Subsidiary Company as on the date of filing of this Draft Prospectus, except Sahaj Cottons Private Limited Company. For detailed information about the profile, business, financials, please see the chapter "Group Entities" beginning on page 142.

### ASSOCIATE COMPANIES

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

### DETAILS OF MERGERS AND ACQUISITIONS

There has been no merger or acquisitions of businesses or undertakings in the history of the Company.

### JOINT VENTURES OF OUR COMPANY

Our Company does not have joint ventures as on the date of this Draft Prospectus.



## **INJUNCTIONS OR RESTRAINING ORDERS**

Except as stated in the section titled “Outstanding Litigation and Material Developments” on page 195 there are no injunctions or restraining orders against our Company or Associate Companies.

## **REVALUATION OF ASSETS**

Our Company has not revalued its assets since incorporation.

## **CHANGES IN ACTIVITIES OF OUR COMPANY DURING THE LAST FIVE (5) YEARS**

There has not been any change in the activities of Our Company during the last five years. For details in relation to our activities, refer to section titled “Our Business” beginning on page 96.

## **TECHNOLOGY, MARKET COMPETENCE AND CAPACITY BUILD-UP**

For details on the technology, market competence and capacity build-up of our Company, please refer to the chapter titled "Our Business" beginning on page 96.

## **DETAILS OF PAST PERFORMANCE**

For details in relation to our financial performance in the previous five financial years, including details of non-recurring items of income, refer to section titled “Financial Statements” beginning on page 149.

## **COLLABORATION AGREEMENTS**

Our Company is not a party to any collaboration agreements.

## **MATERIAL AGREEMENT**

Our Company has not entered into any material agreement.

## **EXCLUSIVE AGREEMENT**

As on date of this Draft Prospectus, Our Company has not entered into an exclusive agreement.

## **NON COMPETE AGREEMENT**

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

## **SHAREHOLDERS AGREEMENTS**

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

## **OTHER AGREEMENTS**

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

1. Agreement dated August 13, 2018 with Managing Director for his appointment.

For detail information about the profile, remuneration, terms & conditions and tenure, please see the chapter “Our Management” beginning on page 123.

## **GUARANTEES GIVEN BY OUR COMPANY**

Our Company has not provided any guarantee as on date of filing this Draft Prospectus.

## **RESTRICTIVE COVENANTS IN LOAN AGREEMENTS**

For details in relation to Restrictive Covenants in Loan Agreements, please see the chapters “Financial Indebtedness Structure” beginning on page 190.

## **UNSECURED LOANS**

For details in relation to Restrictive Covenants in Loan Agreements, please see the chapters “Financial Indebtedness Structure” beginning on page 190.



## **STRATEGIC/ FINANCIAL PARTNERS**

Our Company has no strategic and financial partners as on the date of filing of this Draft Prospectus.

## **CONVERSION OF LOANS INTO EQUITY SHARES**

There has been no incident of conversion of loans availed from Banks into equity shares as on the date of filing of this Draft Prospectus.

## **CAPITAL RAISING ACTIVITIES THROUGH EQUITY**

For details in relation to our capital raising activities through Equity, please see the chapters “Capital Structure” beginning on page 54.

## **STRIKE AND LOCK-OUTS**

We have not faced any strikes or lock-outs in our operations since our incorporation.

## **CHANGES IN THE MANAGEMENT**

For details of change in Management, please see chapter titled “Our Management” on page 123.

## **RATING**

Our Company do not hold any valid rating as on date of this Draft Prospectus.

## **DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS OR BANKS**

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

## **NUMBER OF SHAREHOLDERS**

Our Company has Fifteen (15) shareholders on date of this Draft Prospectus. For further details on the shareholding pattern of our Company, please refer to the chapter titled “Capital Structure” beginning on page 54.



## OUR MANAGEMENT

### BOARD OF DIRECTORS

In terms of our Articles of Association, our Company is required to have not less than 3 directors and not more than 15 directors. As on the date of this Draft Prospectus we have 6 (Six) Directors on our Board.

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

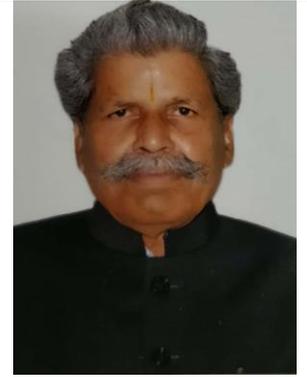
Sr. No.	Name, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN	Date of Appointment / Change in Current Designation	Other Directorships
1.	<p><b>Name:</b> Rohit Toshniwal  <b>Age:</b> 58 Years  <b>Father's Name:</b> Moti Lal Maheshwari  <b>Designation:</b> Chairman and Executive Director  <b>Address:</b> Shree Bhawan Ajmer Road  Madanganj Kishangarh  305081, Rajasthan, India  <b>Term:</b> 5 years  <b>Nationality:</b> Indian  <b>Occupation:</b> Business  <b>DIN:</b> 03507310</p>	<p>Initial appointment on May 20, 2011  Designation changed to Chairman &amp; Whole-Time Director on August 13, 2018</p>	1.Sahaj Cottons Private Limited
2.	<p><b>Name:</b> Norat Mal Choudhary  <b>Age:</b> 69 Years  <b>Father's Name:</b> Gopi Kishan Choudhary  <b>Designation:</b> Managing Director  <b>Address:</b> 36, Gopi Sadan, Adarsh Nagar  Ajmer 305001, Rajasthan, India  <b>Term:</b> 3 Years  <b>Nationality:</b> Indian  <b>Occupation:</b> Business  <b>DIN:</b> 03558999</p>	<p>Initial appointment on June 24, 2011  Designation changed to Managing Director &amp; Executive Director on August 13, 2018</p>	1.Sahaj Cottons Private Limited
3.	<p><b>Name:</b> Sadhana Toshniwal  <b>Age:</b> 54 Years  <b>Father's Name:</b> Shree Niwas Bharadia  <b>Designation:</b> Non-Executive Director  <b>Address:</b> Shree Bhawan, Ajmer Road  Madanganj Kishangarh -  305001, Rajasthan, India  <b>Term:</b> 5 Years</p>	<p>Initial appointment on May 20, 2011  Designation changed to Non-Executive Director on August 13, 2018</p>	1.Sahaj Cottons Private Limited



	<p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Home Making</p> <p><b>DIN:</b> 03515653</p>		
4.	<p><b>Name:</b> Prabha Lakhotia</p> <p><b>Age:</b> 52 years</p> <p><b>Husband's Name:</b> Rajendra Lakhotia</p> <p><b>Designation:</b> Non-Executive Director</p> <p><b>Address:</b> M-2, Ana Sagar Link Road, Ajmer 305001, Rajasthan, India</p> <p><b>Term:</b> 5 years</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Home Making</p> <p><b>DIN:</b> 03559805</p>	<p>Initial appointment on June 24, 2011</p> <p>Designation changed to Non-Executive Director on August 13, 2018</p>	1.Sahaj Cottons Private Limited
5.	<p><b>Name:</b> Shreya Garg</p> <p><b>Age:</b> 30 years</p> <p><b>Father's Name:</b> Pukhraj Garg</p> <p><b>Designation:</b> Non-Executive Director &amp; Independent Director</p> <p><b>Address:</b> 115/10, Opp. Savitri Primary School, Civil Line, Ajmer, Rajasthan 305001 India</p> <p><b>Term:</b> 5 years</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 05335675</p>	<p>Appointed as Non-Executive &amp; Independent Director on July 17, 2018</p>	1.Yotta Business Ventures Private Limited
6.	<p><b>Name:</b> Ajay Jhanjhari</p> <p><b>Age:</b> 31 years</p> <p><b>Father's Name:</b> Kailash Chand Jhanjhari</p> <p><b>Designation:</b> Non-Executive Director &amp; Independent Director</p> <p><b>Address:</b> S/O Kailash Chand Jhanjhari, Teli Mohalla, Kishangarh, Rajasthan 305801 India</p> <p><b>Term:</b> 5 years</p> <p><b>Nationality:</b> Indian</p> <p><b>Occupation:</b> Service</p>	<p>Appointed as Non-Executive &amp; Independent Director on July 17, 2018</p>	NIL

DIN: 08178801		
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**BRIEF BIOGRAPHIES OF OUR DIRECTORS**

	<p><b>Rohit Toshniwal</b>, aged 58 Years, is the Promoter, Chairman &amp; Whole-Time Director of our Company. He hold an experience of over 3 decades in our industry. He is a commerce graduate from University of Rajasthan and comes from a well-known family based at Kishangarh Rajasthan. With his straight forward and charismatic approach, he started his career in late 80’s with yarn trading at Madanganj Kishangarh. In 90’s he additionally entered into financing and real estate development on personal level.</p> <p>Thereafter in the year 2003, he set up a Marble Processing Unit at Kishangarh under the name “Sahaj Marbles” (a proprietorship concern owned by Mrs. Sadhana Toshniwal) as Kishangarh is one of the largest Marble processing hub. Further, to pursue his long-term dream to enter into the textile manufacturing, he co-founded Sahaj Fashions Limited in the year 2011. Currently, he is taking care of strategic planning and decision making of our company.</p> <p>He has been honored as “Kishangarh Yuva Ratna” for his contribution to the society in year 2016 and has also received a certificate of appreciation from SDM Kishangarh for his charitable activities.</p> <p>He is a Philanthropist at heart and Manages his Family Charitable trust under the name “TOSHNIWAL CHARITABLE TRUST” which mainly under takes the education of girl child and underprivileged children.</p>
	<p><b>Norat Mal Choudhary</b>, aged 69 years, is the Promoter &amp; Managing Director of our Company. He hold an experience of over a decade in our industry. He is a Civil Engineering from Government Polytechnic college, Ajmer and started his career with Irrigation Department of Rajasthan and gradually promoted to senior level and then took voluntary retirement in the year 2004. He shares good relationship and network in all the government departments and political fronts. Currently, he is looking after the overall performance of the company.</p>
	<p><b>Sadhana Toshniwal</b>, aged 54 years, is the Non-Executive Director of our company. She completed her schooling from Gujarat. Currently she is President of “Maheshwari Mahila Mandal” Kishangarh branch. At present, she is not actively involved in the day to day workings of the Company.</p>



	<p><b>Prabha Lakhota</b>, aged 52 years, is the Promoter &amp; Non-Executive Director of our company. She is a Graduate in Arts from University of Rajasthan. She has interest in creative crafts and arts. She is the President of Indian Ladies Club Ajmer. She is also currently involved in other social welfare organizations. At present, she is not actively involved in the day to day affairs of the company.</p>
	<p><b>Shreya Garg</b>, aged 30 years, is the Non-Executive &amp; Independent Director of our company. He is an Engineer in Bioinformatics from DY Patil Biotechnology and Bioinformatics Institute, Pune and also holds MBA Degree in Marketing &amp; Sales from Amity Business School. Currently he is the promoter-director of Yotta Business Ventures Private Limited which is into the marketing &amp; manufacturing of pharmaceutical products.</p>
	<p><b>Ajay Jhanjhari</b>, aged around 31 years, is the Non-Executive &amp; Independent Director of our company. He is a qualified Chartered Accountant and a commerce graduate from MDS University, Ajmer. He is currently working as the Manager-Treasury with Sterlite Technologies Limited, Pune.</p>

**RELATIONSHIP BETWEEN OUR DIRECTORS**

None of the Directors of our Company are related to each other except as follows:

Directors	Relationship
Rohit Toshniwal and Sadhana Toshniwal	Husband and Wife (respectively)
Rohit Toshniwal and Prabha Lakhota	Brother and Sister (respectively)

**CONFIRMATIONS**

As on the date of this Draft Prospectus:

1. The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
2. None of our Directors have been identified as a ‘wilful defaulter’ by any financial institution or bank, or a consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.
3. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) during the five years prior to the date of filing the Draft Prospectus or (b) delisted from the stock exchanges.



4. None of the Promoter, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority. For further details, refer Chapter titled “Outstanding Litigation and Material Developments” beginning on the page 195.

#### REMUNERATION / COMPENSATION OF DIRECTORS

Name of Directors	Designation	Remuneration (Amount in Rs.)
Rohit Toshniwal	Chairman & Whole-Time Director	30,000
Norat Mal Choudhary	Managing Director	40,000
Prabha Lakhotia	Non-Executive Director	Nil
Sadhana Toshniwal	Non-Executive Director	Nil
Shreya Garg	Non- Executive & Independent Director	Nil
Ajay Jhanjhari	Non- Executive & Independent Director	Nil

The Directors including the Non-Executive & Independent Directors of our company will be paid the Sitting fees and their expenses will be reimbursed under the applicable provisions of Companies Act, 2013.

#### SHAREHOLDING OF OUR DIRECTORS IN OUR COMPANY

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares.

The following table details the shareholding of our Directors as on the date of this Draft Prospectus:

Sr. No.	Name of the Director	No. of Equity Shares	% of Pre-Issue Equity Share Capital	% of Post Issue Equity Share Capital
1.	Rohit Toshniwal	10,10,640	13.63	10.02
2.	Sadhana Toshniwal	10,32,000	13.92	10.24
3.	Prabha Lakhotia	8,49,168	11.46	8.42
4.	Norat Mal Choudhary	7,92,192	10.69	7.86

#### INTERESTS OF DIRECTORS

All of our Directors may be deemed to be interested to the extent of fees payable, if any to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable, if any to them under our Articles of Association, and/or to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Some of our Directors may be deemed to be interested to the extent of interest paid on any loan or advances provided to our company, any body corporate including companies and firms and trusts, in which they are interested as directors, members, partners or trustees.

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, promoter, and /or trustees pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares, if any.

None of our Directors has been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.



Except as stated in the chapter “Our Management” and ‘Related Party Transactions’ beginning on page 123 and 147 respectively and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Prospectus.

Our Directors are not interested in the appointment of or acting as Lead Manager, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Other than Mr. Rohit Toshniwal, Mr. Norat Mal Choudhary, Mrs. Prabha Lakhotia, who is our Promoter and is interested as disclosed in “Promoter and Promoter Group” on page 137, none of our Directors have any interest in the promotion of our Company other than in the ordinary course of business.

Except as disclosed in this Draft Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration, interest on loan, lease rent for vehicles and reimbursement of expenses for services rendered as Directors and/or as Key Management Personnel.

No loans have been availed by our Directors from our Company.

### PROPERTY INTEREST

Except as stated/referred to in the heading titled “Land & Properties” beginning on page 104, our Directors have not entered into any contract, agreement or arrangements during the preceding two years from the date of this Draft Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

### CHANGES IN OUR BOARD OF DIRECTORS

The Changes in the Board of Directors of our Company in the three years preceding the date of this Draft Prospectus are as follows:

Name	Date of event	Nature of event	Reason
Mr. Rohit Toshniwal	August 13, 2018	Change in Designation	Change in Designation to Chairman & Whole Time Director
Mr. Norat Mal Choudhary	August 13, 2018	Change in Designation	Change in Designation to Managing Director
Mrs. Sadhana Toshniwal	August 13, 2018	Change in Designation	Change in Designation to Non-Executive Director
Mrs. Prabha Lakhotia	August 13, 2018	Change in Designation	Change in Designation to Non-Executive Director
Mr. Shreya Garg	July 17, 2018	Appointment	Appointment as Non-Executive & Independent Director
Mr. Ajay Jhanjhari	July 17, 2018	Appointment	Appointment as Non-Executive & Independent Director

### BORROWING POWERS OF THE BOARD

Pursuant to a special resolution passed at Extra-Ordinary General Meeting of our Company held on August 20, 2018 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 180 (1)(c) of the Companies Act, 2013 for borrowing, from time to time, any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company’s bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs. 100 Crores.

## CORPORATE GOVERNANCE

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. The corporate governance framework is based on an effective independent Board, the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law. We are in compliance with the requirements of the applicable regulations, including the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance particularly in relation to constitution of the Board and committees thereof.

We have a Board constituted in compliance with the Companies Act, 2013 and as per the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 in accordance with the best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Currently, our Board has 6 (Six) Directors. We have 1 (one) Managing Director, 1 (one) Executive Director, 2 (Two) Non-Executive Director and 2 (Two) Non- Executive & Independent Directors.

### Committees of the Board

In addition to the committees of our Board detailed below, our Board may from time to time, constitute committees for various functions.

Following are the details of various committees of the Board:

- A. Audit Committee
- B. Stakeholders Relationship Committee
- C. Nomination and Remuneration Committee

#### A) *Audit Committee*

Our Company has constituted an audit committee ("*Audit Committee*") as per the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 vide resolution passed in the meeting of the Board of Directors held on August 13, 2018.

The terms of reference of Audit Committee complies with the requirements of the Companies Act, 2013. The committee presently comprises the following three (3) directors.

#### **Composition of Audit Committee:**

Name of the Director	Status	Nature of Directorship
Mr. Ajay Jhanjhari	Chairperson	Non-Executive & Independent Director
Mr. Shreya Garg	Member	Non-Executive & Independent Director
Mr. Rohit Toshniwal	Member	Executive Director

The Company Secretary of the Company acts as the Secretary to the Audit committee.

#### **The terms of reference of the Audit Committee includes the following:**

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.



4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly and annual financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
8. Approval of any transactions of the Company with Related Parties, including any subsequent modification thereof.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors on any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism, in case the same exists.
19. Approval of appointment of CFO or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background, etc. of the candidate.
20. To overview the Vigil Mechanism of the Company and took appropriate actions in case of repeated frivolous complaints against any Director or Employee.

**The Audit Committee shall mandatorily review the following information:**

1. Management Discussion and Analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. Statement of deviations:
  - a) Half-yearly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**Powers of the Audit Committee:**

- Investigating any activity within its terms of reference;
- Seeking information from any employee;
- Obtaining outside legal or other professional advice; and
- Securing attendance of outsiders with relevant expertise, if it considers necessary.

**B) Stakeholders Relationship Committee**

Our Company has constituted a Stakeholder's Relationship Committee ("*Stakeholder's Relationship Committee*") to redress the complaints of the shareholders. The stakeholder's relationship committee was constituted as per the provisions of Section 178(5) of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 vide resolution passed at the meeting of the Board of Directors held on August 13, 2018.

**Composition of Stakeholders Relationship Committee**

Name of the Director	Status	Nature of Directorship
Mr. Shreya Garg	Chairperson	Non-Executive & Independent Director
Mr. Ajay Jhanjhari	Member	Non-Executive & Independent Director
Mr. Norat Mal Choudary	Member	Managing Director

The Stakeholders Relationship Committee shall oversee all matters pertaining to investors of our Company. The terms of reference of the Stakeholders Relationship Committee include the following:

- Redressal of shareholders'/investors' complaints;



- Reviewing on a periodic basis the Approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
- Non-receipt of declared dividends, balance sheets of the Company; and
- Carrying out any other function as prescribed under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

#### C) **Nomination and Remuneration Committee**

Our Company has constituted a Nomination and Remuneration Committee as per the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 vide resolution passed at the meeting of the Board of Directors held on August 13, 2018.

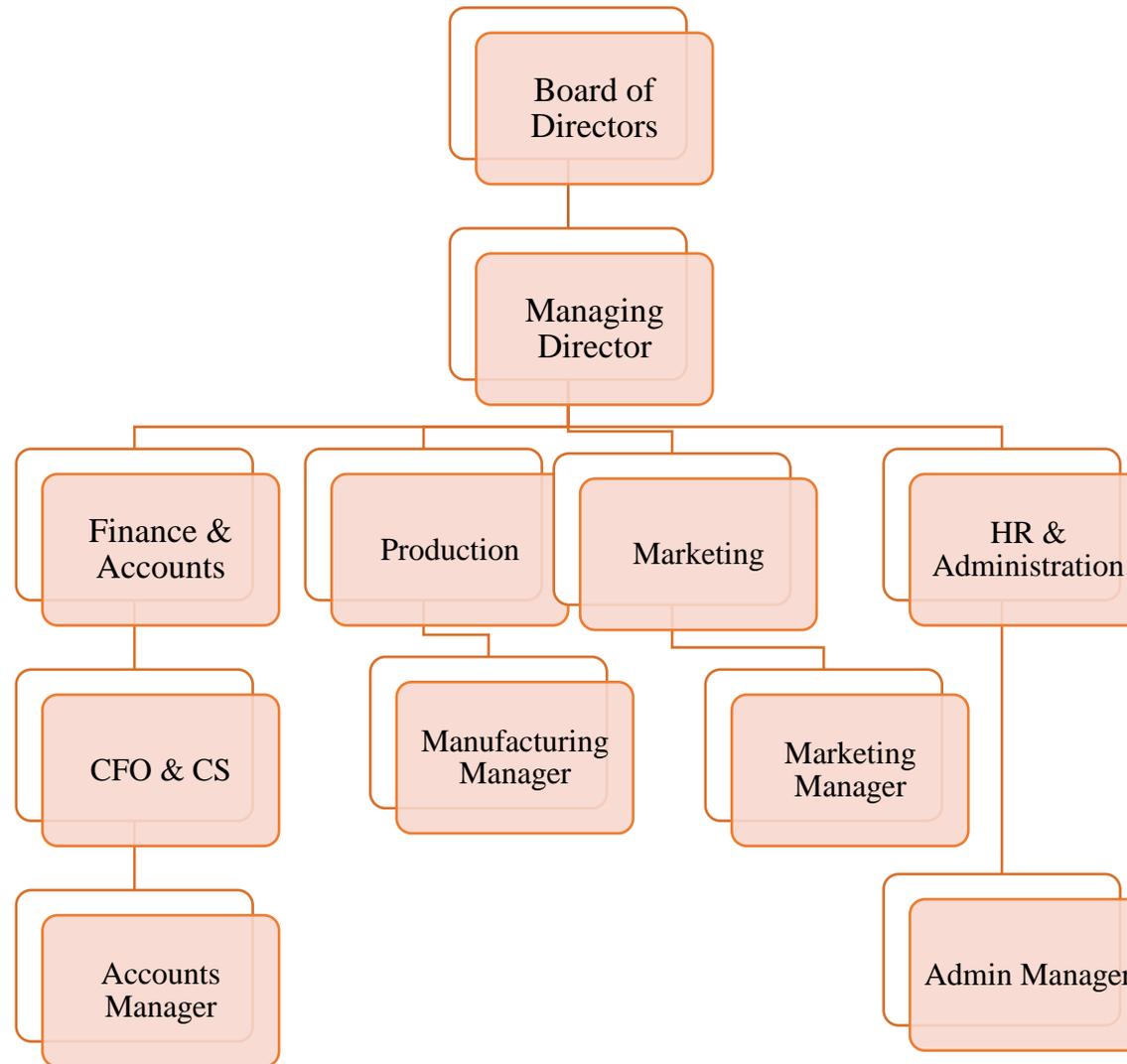
#### **Composition of Nomination and Remuneration Committee**

<b>Name of the Director</b>	<b>Status</b>	<b>Nature of Directorship</b>
Mrs. Prabha Lakhota	Chairperson	Non-Executive Director
Mr. Ajay Jhanjhari	Member	Non-Executive & Independent Director
Mr. Shreya Garg	Member	Non-Executive & Independent Director

#### **Role of Nomination and Remuneration Committee are:**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
3. Devising a policy on diversity of Board of Directors.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
6. Carrying out any other function as prescribed under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

**ORGANISATIONAL STRUCTURE**





## KEY MANAGERIAL PERSONNEL

The details of the Key Management Personnel of our Company are as follows:

	<p><b>Norat Mal Choudhary</b> (<i>Managing Director</i>)</p> <p><b>Norat Mal Choudhary</b>, aged 69 years, is the Promoter &amp; Managing Director of our Company. He holds an experience of over a decade in our industry. He is a Civil Engineering graduate from Government Polytechnic College, Ajmer and started his career with Irrigation Department of Rajasthan and gradually promoted to senior level and then took voluntary retirement in the year 2004. He shares good relationships and networks in all the government departments and political fronts. Currently, he is looking after the overall performance of the company.</p>
	<p><b>Mr. Mukul Lakhotia</b> (<i>Chief Financial Officer</i>)</p> <p>Mr. Mukul Lakhotia, aged around 30 years, is the Chief Financial Officer of our company. He is a qualified Chartered Accountant from Institute of Chartered Accountants of India. He is associated with the company since its inception as finance head and is responsible for the overall financial planning of the company. He is dynamic and well-versed with the changing statutory compliances and government policies.</p>
	<p><b>Nikita Daga</b> (<i>Company Secretary &amp; Compliance Officer</i>)</p> <p>Nikita Daga, aged 28 years, is the Company Secretary &amp; Compliance Officer of our company. She did her Post Graduation from University of Rajasthan &amp; is a qualified Company Secretary from Institute of Company Secretaries of India. She has previously worked with Infrastructure Advisors Private Limited as Assistant Manager.</p>

## PERSONS OTHER THAN ABOVE, PLAYING VITAL ROLE IN BUSINESS

Following are the persons employed in our company who other than the Directors & KMPs play a vital role in the functioning of our company –

	<p><b>Mr. Rakesh Choudhary</b> (<i>Marketing Head</i>)</p> <p>Mr. Rakesh Choudhary, aged 45 years is the Marketing Head of our company. He holds an experience of 25 years in the field of textiles. He had started his career in textile at an age of 20 at Ichalkaranji, Maharashtra. After learning and experiencing the in and out of this industry for 3 years he started his own weaving unit under the name of Usha fabrics with 8 weaving looms. He further increased the number of machines to 100 in a short span of time and captured a good share in the Regional Domestic market within 13 years. Later he left Usha Fabrics and joined our company with his rich experience.</p>
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	<p><b>Mr. Nitin Toshniwal (Operations Head)</b></p> <p>Mr. Nitin Toshniwal, aged 30 years, is the Operations Head of our company. He graduated in Commerce and is a semi-qualified Chartered Accountant. He has been associated with our company since its inception and since beginning he is looking after the operations of the company with his friendly and dynamic approach.</p>
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#### RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

There is no family relationship between the Key Managerial Personnel of our Company.

#### FAMILY RELATIONSHIPS OF DIRECTORS WITH KEY MANAGERIAL PERSONNEL

There is no family relationship between the Key Managerial Personnel and Director of our Company except as mentioned below:

Name of Director	Name of KMP	Relationship
Mrs. Prabha Lakhotia	Mr. Mukul Lakhotia	Mother and Son respectively

All of Key Managerial Personnel are permanent employees of our company.

#### ARRANGEMENT OR UNDERSTANDING WITH MAJOR SHAREHOLDERS, CUSTOMERS, SUPPLIERS OR OTHERS

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

#### SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

None of the KMPs hold any Equity shares of our Company as on the date of this Draft Prospectus except the following:

Sr. No.	Name of the Shareholder	No. of Shares held
1.	Mr. Norat Mal Chaudhary	7,92,192
2.	Mr. Mukul Lakhotia	Nil
3.	Ms. Nikita Daga	Nil

#### BONUS OR PROFIT SHARING PLAN OF THE KEY MANAGERIAL PERSONNEL

Our Company has not entered into any Bonus or Profit Sharing Plan with any of the Key Managerial Personnel.

#### LOANS TO KEY MANAGERIAL PERSONNEL

No loans and advances have been given to the Key Managerial Personnel as on the date of this Draft Prospectus.

#### INTEREST OF KEY MANAGERIAL PERSONNEL

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement



of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any.

Except as disclosed in this Draft Prospectus, none of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration, reimbursement of expenses, lease rent on vehicles and interest on loan.

Our Key Managerial Personnel have no interest in any property acquired by our Company within two years of the date of this Draft Prospectus.

#### **CHANGES IN KEY MANAGERIAL PERSONNEL DURING LAST THREE (3) YEARS**

The changes in the key managerial personnel in the last three years are as follows:

<b>Name of Managerial Personnel</b>	<b>Designation</b>	<b>Date of Event</b>	<b>Reason</b>
Mr. Norat Mal Choudhary	Managing Director	August 13, 2018	Designation changed to Managing Director
Mr. Mukul Lakhota	Chief Financial Officer	July 17, 2018	Appointment as Chief Financial Officer
Mrs. Nikita Daga	Company Secretary & Compliance Officer	July 17, 2018	Appointment as Company Secretary & Compliance Officer

Other than the above changes, there have been no changes to the key managerial personnel of our Company that are not in the normal course of employment.

#### **ESOP/ESPS SCHEME TO EMPLOYEES**

Presently, our company does not have any ESOP/ESPS Scheme for employees.

#### **PAYMENT OR BENEFIT TO OUR OFFICERS**

Except as disclosed in the heading titled “Related Party Disclosure” in the section titled “Financial Statements” beginning on page 147 and 149, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees

## OUR PROMOTERS AND PROMOTER GROUP

### OUR PROMOTERS

1. Mr. Rohit Toshniwal
2. Mr. Norat Mal Choudhary
3. Mrs. Prabha Lakhotia

### DETAILS OF OUR PROMOTERS

#### 1. Mr. Rohit Toshniwal

	<p><b>Rohit Toshniwal</b>, aged 58 Years, is the Promoter, Chairman &amp; Whole-Time Director of our Company. He hold an experience of over 3 decades in our industry. He is a commerce graduate from University of Rajasthan and comes from a well-known family based at Kishangarh Rajasthan. With his straight forward and charismatic approach, he started his career in late 80's with yarn trading at Madanganj Kishangarh. In 90's he additionally entered into financing and real estate development on personal level.</p> <p>Thereafter in the year 2003, he set up a Marble Processing Unit at Kishangarh under the name "Sahaj Marbles" (a proprietorship concern owned by Mrs. Sadhana Toshniwal) as Kishangarh is one of the largest Marble processing hub. Further, to pursue his long-term dream to enter into the textile manufacturing, he co-founded Sahaj Fashions Limited in the year 2011. Currently, he is taking care of strategic planning and decision making of our company.</p> <p>He has been honored as "Kishangarh Yuva Ratna" for his contribution to the society in year 2016 and has also received a certificate of appreciation from SDM Kishangarh for his charitable activities.</p> <p>He is a Philanthropist at heart and Manages his Family Charitable trust under the name "TOSHNIWAL CHARITABLE TRUST" which mainly under takes the education of girl child and underprivileged children.</p>
Particulars	Details
Permanent Account Number	AAVPM6037G
Passport No.	NA
Aadhar No.	2817 0060 8495
Bank Account Details	HDFC Bank HDFC Bank house, Senapati Bapat Marg, Lower Parel, Mumbai-400013 A/c No.: 50100058927052 IFSC: HDFC0001837



## 2. Mr. Norat Mal Choudhary

	<p><b>Norat Mal Choudhary</b>, aged 69 years, is the Promoter &amp; Managing Director of our Company. He hold an experience of over a decade in our industry. He is a Civil Engineering from Government Polytechnic college, Ajmer and started his career with Irrigation Department of Rajasthan and gradually promoted to senior level and then took voluntary retirement in the year 2004. He shares good relationship and network in all the government departments and political fronts. Currently, he is looking after the overall performance of the company.</p>
Particulars	Details
Permanent Account Number	ABKPC7341P
Passport No.	NA
Aadhar No.	9402 5503 3494
Bank Account Details	Bank of Baroda W. R. Divisional office, D.R.M. office campus, Ajmer, Rajasthan,305001 A/c No. 25290100005156 IFSC. BARB0WRAJME

## 3. Mrs. Prabha Lakhotia

	<p><b>Mrs. Prabha Lakhotia</b>, aged 52 years, she is a Graduate in Arts from University of Rajasthan. She has interest in creative crafts and arts. She is currently Office Bearer in many social organizations. Currently She is President of Indian Ladies Club Ajmer. She is a Non-Executive Director in the Company and is not actively involved in the day to day affairs of the company.</p>
Particulars	Details
Permanent Account Number	AAQPL8901M
Passport No.	NA
Aadhar No.	7176 8143 4841
Bank Account Details	ICICI Bank Ltd Station Road Branch, Ajmer A/c No. 680701428323, IFSC Code: ICIC0006807

## OUR PROMOTER GROUP

Our Promoter Group in terms of Regulation 2(1) (zb) of SEBI (ICDR) Regulations includes the following persons:

### a) Individual Promoters

The natural persons who are part of our Promoter Group (due to the relationship with our Promoters), other than the Promoters named above are as follows:

Sr. No.	Relationship	Mr. Rohit Toshniwal	Mr. Norat Lal Choudhary	Mrs. Prabha Lakhotia
1.	Father	Mr. Moti Lal Maheshwari	Late Sh. Gopi Kishan Choudhary	Mr. Moti Lal Maheshwari
2.	Mother	Late Smt. Basanti Devi Toshniwal	Late Smt. Parwati Devi Choudhary	Late Smt. Basanti Devi Toshniwal
3.	Spouse	Mrs. Sadhana Toshniwal	Mrs. Usha Choudhary	Mr. Rajendra Lakhotia
4.	Brother	-	Mr. Satyanarayan Maheshwari	Mr. Rohit Toshniwal
5.	Sister	Mrs. Pushpa Rani Dhoot, Mrs. Chandra Kabra, Mrs. Prabha Lakhotia	Late Smt. Bhanwari Devi Rathi	Mrs. Pushpa Rani Dhoot Mrs. Chandra Kabra,
6.	Children	Mrs. Neha Jaithlya, Mr. Nitin Toshniwal	Mrs. Ranjana Maheshwari, Mr. Rakesh Choudhary, Mrs. Ritu Maheshwari	Mr. Mukul Lakhotia
7.	Spouse Father	Late Sh. Shriniwas Bharadia	Late Sh. Bhagwands Jhanwar	Late Sh. Vijay Karan Lakhotia
8.	Spouse Mother	Mrs. Gulab Devi Bharadia	Late. Smt. Ratan Devi Jhanwar	Late Smt. Gayatri Devi Lakhotia
9.	Spouse Brother	Late Sh. Shrivallabh Bharadia, Mr. Gopal Bharadia	Mr. Gopal Jhanwar, Mr. Rajkumar Jhanwar, Mr. Shiv Kumar Jahnwar	Mr. Ashok Lakhotia, Mr. Satish Lakhotia
10.	Spouse Sister	Mrs. Chandrapra Bha Kalantri Mrs. Shakuntla Sarda Mrs. Sunita Soni	Mrs. Shankuntla Mundra, Mrs. Madhu Kothari	Mrs. Prem Ajmera



**b) Companies and proprietorship firms forming part of our Promoter Group are as follows:**

Relationship with promoters	Promoters		
	Mr. Rohit Toshniwal	Mr. Norat Mal Choudhary	Mrs. Prabha Toshniwal
Any company in which 10% or more of the share capital is held by the promoters or an immediate relative of the promoters or a firm or HUF in which the promoters or any one or more of his immediate relative is a member	-	-	-
Any company in which a company (mentioned above) holds 10% of the total holding	NA	NA	NA
Any HUF or firm in which the aggregate share of the promoters and his immediate relatives is equal to or more than 10% of the total holding	M/s Toshniwal Corporation, M/s Sahaj Corporation, M/s Maheshwari International, M/s Nitin International, M/s Sahaj Marbles, Nitin Toshniwal & Sons HUF	Aruna Trading, M/s Usha International, M/s Parwati Trading Company	M/s Gayatri Trading, M/s Vijay Trading

**OTHER UNDERTAKINGS AND CONFIRMATIONS**

Our Company undertakes that the details of Permanent Account Number, Bank Account Number and Passport Number of the Promoter will be submitted to the Stock Exchange, where the securities of our Company are proposed to be listed at the time of submission of this Draft Prospectus.

**INTEREST OF THE PROMOTERS**

***Interest in the promotion of our Company***

Our Promoters may be deemed to be interested in the promotion of the Issuer to the extent of the Equity Shares held by him as well as his relatives and also to the extent of any dividend payable to him and other distributions



in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which our promoters are interested as a director, member or partner.

#### ***Interest in the property of our Company***

Our Promoters do not have any interest in any property acquired by our Company in last two years or proposed to be acquired by our Company.

#### ***Interest as Member of our Company***

As on the date of this Draft Prospectus, our Promoters hold together 26,52,000 Equity Shares of our Company and is therefore interested to the extent of his shareholding and the dividend declared, if any, by our Company. Except to the extent of shareholding of the Promoters in our Company.

#### ***Payment Amounts or Benefit to Our Promoters during the Last Two Years***

No payment has been made or benefit given to our Promoters in the two years preceding the date of this Draft Prospectus except as mentioned / referred to in this chapter and in the section titled 'Our Management', 'Financial Statements' and 'Capital Structure' on pages 123, 149, 54 respectively. Further as on the date of this Draft Prospectus, there is no bonus or profit-sharing plan for our Promoters.

### **DISASSOCIATION BY THE PROMOTERS IN THE LAST THREE YEARS**

Our Promoters have not disassociated themselves from any of the companies/partnership firms during preceding three years.

### **CONFIRMATIONS**

Our Promoters and their relatives have not been declared as Willful Defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of this Draft Prospectus against our Promoters except as mentioned in the section titled "Outstanding Litigation and Material Developments" on page 195.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

### **RELATED PARTY TRANSACTIONS**

Except as disclosed in the "Related Party Transactions" beginning on page 147, our Company has not entered into any related party transactions with our Promoters.



## OUR GROUP ENTITIES

As per the SEBI ICDR Regulations for the purpose of identification of group companies, our Company has considered companies covered under the applicable accounting standard, i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India (“AS 18”) as per the restated financial information as of and for the Fiscals ended March 31, 2018, 2017, 2016, 2015 and 2014, and other companies in which our Company or Promoters hold 10% or more of shareholding as on the date of this Prospectus.

### A. The following are our Group Companies:

1. Sahaj Cottons Private Limited

### B. Details of Group Entities

1. M/s Parwati Trading Company
2. M/s Sahaj Marbles
3. Nitin Toshniwal & Sons HUF
4. M/s Sahaj Corporation
5. M/s Toshniwal Corporation
6. M/s Maheshwari International
7. M/s Usha Investment
8. M/s Vijay Trading
9. M/s Aruna Trading
10. M/s Nitin International
11. M/s Gayatri Trading
12. M/s Usha Fabrics

## 1. SAHAJ COTTONS PRIVATE LIMITED

### *Corporate Information*

Sahaj Cottons Private Limited was incorporated on May 11, 2018 under the provisions of Companies Act, 2013 as the wholly owned Subsidiary of our company with paid up capital of Rs. 1 Lakh. The Corporate Identification Number of the Company is U74999MH2018PTC309262. PAN of the Company is ABACS2976B. The Registered Office of the Company is situated at 5, Floor 1, Plot No. 73, Botawala Building, Alkesh Dienes Modi Road, Bombay Stock Ex. Mumbai, Mumbai City, Maharashtra 400001, India. The Main Object of the company is to carry on the business in India or abroad of manufacturing, buying, selling, trading, importing, exporting and dealing in textiles, cotton, silk, art silk, rayon, nylon, synthetic fibers, staple fibers, polyester, worsted, wool, hemp and other fibre materials, etc.

### *Board of Directors*

The Directors of Sahaj fashions Private Limited as on the date of this Prospectus are as follows:

Name	Designation
Rohit Toshniwal	Director
Sadhana Toshniwal	Director
Norat Mal Choudhary	Director
Prabha Lakhotia	Director

### *Change in capital structure*

There has been no change in the capital structure of Sahaj Cottons Private Limited in the last six months prior to filing of this Prospectus.



## Financial Information

Sahaj Cottons Private Limited was incorporated on May 11, 2018. Hence, company have not audited its Financials as on date of filing this Draft Prospectus.

### Details of Other Group Entities:

#### 1. M/s Parwati Trading Company

##### Sole Proprietor Information:

M/s Parwati Trading Company was formed on June 10, 2008 having principle office at 36, Gopi Sadan , Adarsh Nagar , Ajmer 305001 Rajasthan. The Permanent Account Number (PAN) of the Sole Proprietor is ABKPC7341P. The Sole Proprietor firm incorporated for the purpose of carrying on the business of Cloth, Yarn, Marble, Granite, etc.

##### Details of Proprietor:

Name	Status
Mr. Norat Mal Choudhary	Proprietor

##### Interest of the Promoter:

Mr. Norat Mal Choudhary, the Promoter is Proprietor of M/s Parwati Trading Company.

##### Financials:

(Amount in Lakhs)

Particulars	As at March 31		
	2017	2016	2015
Total Income	359.24	343.98	338.48
Net Profit	3.92	3.42	3.21

#### 2. M/s Sahaj Marbles

##### Sole Proprietor Information:

M/s Sahaj Marbles was formed on November 11, 2003 having principle office at E-252, IV<sup>th</sup> Phase, RIICO, Kishangarh. The Permanent Account Number (PAN) of the Sole Proprietor is AAGPT8544G. The Sole Proprietor firm incorporated for the purpose of carrying on the business of manufacturing and trading of marble & granite slabs and tiles.

##### Details of Proprietor:

Name	Status
Mrs. Sadhana Toshniwal	Proprietor

##### Interest of the Promoter:

Mr. Rohit Toshniwal, the Promoter is husband of Mrs. Sadhana Toshniwal the Proprietor of M/s Sahaj Marbles.

##### Financials:

(Amount in Lakhs)

Particulars	As at March 31		
	2017	2016	2015
Total Income	231.56	315.31	274.39
Net Profit	14.40	26.14	18.61



### 3. Nitin Toshniwal & Sons HUF

#### *HUF Information:*

Nitin Toshniwal & Sons HUF was formed on March 06, 2016 having principle office at Shree Bhawan, Ajmer Road, Madanganj Kishangarh -305801. The Permanent Account Number (PAN) of the HUF is AAIHN0729D. The HUF incorporated for the purpose of carrying on the purpose of investments.

#### *Details of Members:*

Name	Status
Nitin Toshniwal	Karta
Anjali Toshniwal	Co-parcener

#### *Interest of the Promoter:*

Mr. Rohit Toshniwal, the Promoter is the father of Nitin Toshniwal who is Karta in Nitin Toshniwal & Sons HUF.

#### *Financials:*

(Amount in Lakhs)

Particulars	As at March 31		
	2018	2017	2016
Gross Total Income	3.30	2.60	2.62
Tax	0.04	0.01	0.01

### 4. M/s Sahaj Corporation

#### *Firm Information:*

M/s Sahaj Corporation was formed on March 12, 2018 having principle office at Shree Bhawan, Ajmer Road, Near OBC Bank Kishangarh (rural), Maidanganj Kishangarh, Ajmer, Rajasthan, 305801. The Permanent Account Number (PAN) of the firm is ADPFS7335E. The Partnership firm incorporated for the purpose of carrying on the business of Trading of yarn and its products, trading of fabric and share trading.

#### *Details of Partners:*

Name	Status
Nitin Toshniwal	Partner
Anjali Toshniwal	Partner
Nitin Toshniwal and Sons (HUF)	Partner

#### *Interest of the Promoter:*

Mr. Rohit Toshniwal, the Promoter is the father of Nitin Toshniwal who is Partner in M/s Sahaj Cooperation.

Note: Our Group Entity M/s Usha Fabrics is not in function as on the date of this Draft Prospectus.

#### **CONFIRMATION**

Our Promoters and persons forming part of Promoter Group have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of security laws committed by them in the past and no proceedings pertaining to such penalties are pending against them. Additionally, none of the Promoters and persons forming part of Promoter Group has been restrained from accessing the capital markets for any reasons by SEBI or any other authorities. None of the Group Entities has a negative net worth as on the date of this Prospectus.



## **INTERESTS OF OUR GROUP COMPANIES**

### ***(i) In the Promotion of our Company***

None of our Group Companies are interested in the promotion of our Company except as disclosed in the section titled “Financial Statements” beginning on page 149 of this Draft Prospectus and to the extent of their shareholding in our Company.

### ***(ii) In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Prospectus***

None of our Group Companies is interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of the Prospectus.

### ***(iii) In transactions for acquisition of land, construction of building and supply of machinery***

None of our Group Companies is interested in any transactions for the acquisition of land, construction of building or supply of machinery.

## **SICK COMPANIES / WINDING UP**

No Promoter Group Entities listed above have been declared as a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985. There is no winding up proceedings against any of the Promoter Group Entities.

## **LITIGATION**

For details on litigations and disputes pending against the Promoters and Promoter Group Entities and defaults made by them, please refer to the chapter titled, ‘Outstanding Litigations and Material Developments’ beginning on page 195.

## **DEFUNCT GROUP COMPANIES**

None of our Group Companies remain defunct and no application has been made to Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing of the Prospectus.

## **RELATED BUSINESS TRANSACTIONS WITHIN THE GROUP COMPANIES AND SIGNIFICANCE ON THE FINANCIAL PERFORMANCE OF OUR COMPANY**

For more information on Related Business Transactions within the Group Companies and significance on the financial performance of our Company, see section titled “Related Party Transactions” on page 147.

## **BUSINESS INTEREST OF GROUP COMPANIES**

Except to extent of their shareholding in our Company, none of our Group Companies have any interest in promotion and business interest or other business interest in our Company. For further details please refer to the chapter titled, ‘Capital Structure’ beginning on page 54.

## **SALES/PURCHASES BETWEEN OUR COMPANY AND GROUP ENTITIES**

Except as disclosed in the section titled ‘Related Party Transactions’ beginning on page 147, there have been no sales/purchases between our Company and Group Entities during the financial year 2017-18.



## **COMMON PURSUITS**

Majority of our Group Entities have objects similar to that of our Company's business. The group entities have not been conducting business similar to our Company as of now, however their main objects allow them to do so. Currently we do not have any non-compete agreement/arrangement with any of our Group Entities. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

## **OTHER CONFIRMATIONS**

1. None of the securities of our Group Companies are listed on any stock exchange and none of our Group Companies have made any public or right issue of securities in the preceding three years.
2. None of the Group Companies have been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
3. None of the Group Companies are Willful Defaulters.



## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions of our Company during the last five Fiscal Years, as per the requirements under Accounting Standard 18 “Related Party Disclosures”, see the sections titled “Financial Statements – Annexure VI – Restated Statement of Related Party Transactions” on page 176.



## **DIVIDEND POLICY**

Under the Companies Act, an Indian company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the general meeting of our Company. The Article of Association of our Company gives our shareholders the right to decrease but not to increase the amount of dividend recommended by the Board of Directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion.

Dividends are payable within 30 days of approval by the Equity Shareholders at the Annual General Meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the "record date" are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

We have not declared a dividend in any Financial Year.



**SECTION V – FINANCIAL INFORMATION**  
**FINANCIAL STATEMENT, AS RESTATED**

**INDEPENDENT AUDITOR’S REPORT ON EXAMINATION OF RESTATED FINANCIAL  
INFORMATION**

**To,**  
**The Board of Directors,**  
**Sahaj Fashions Limited**  
(Formerly known as Sahaj Fashions Private Limited)  
Shree Bhawan, Ajmer Road, Madanganj,  
Kishangarh, Rajasthan –305801, India

**Sub: Auditors’ Report on Financial Information in connection with the proposed issue of equity shares of  
Sahaj Fashions Limited**

Dear Sirs,

1. We have examined the attached Restated Financial Information of **Sahaj Fashions Limited** (Formerly Sahaj Fashions Private Limited and hereinafter referred to as “the Company”) as approved by the Board of Directors of the Company in their meeting on August 30, 2018, prepared by the management of the company in terms of requirement of Section 26 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rule 2014, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the ‘SEBI Regulations’), the Guidance Note on ‘Reports in Company’s Prospectus (Revised)’ issued by the Institute of Chartered Accountants of India (‘ICAI’) to the extent applicable (‘Guidance Note’), and in terms of our engagement agreed upon with you in accordance with our engagement letter dated August 20, 2018, in connection with the proposed Initial Public Offer (IPO) of the Company.
2. These Restated Financial Information (included in Annexure I to X) have been extracted by the Management of the Company from:
  - (a) The Company’s Audited Financial Statements for the years ended March 31, 2018, 2017, 2016, 2015 and 2014, which have been approved by the Board of Directors at their meeting held on May 11, 2018, September 01, 2017, August 24, 2016, August 25, 2015 and June 12, 2014 respectively and books of accounts underlying those financial statements and other records of the Company, to the extent considered necessary for the preparation of the Restated Financial Information, are the responsibility of the Company’s Management. The Financial Statements of the Company for the financial year ended March 31, 2018 by BNG & Associates LLP, Chartered Accountants and March 31, 2017, 2016, 2015 and 2014 have been audited by M/s H.M Jain & Company, Chartered Accountants as sole statutory auditors and had issued unqualified reports for these years.
3. In accordance with the requirement of Section 26 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules 2014, the SEBI Regulations, the Guidance Note, as amended from time to time and in terms of our engagement agreed with you, we further report that:
  - (i) The Restated Statement of Assets and Liabilities as at March 31, 2018, 2017, 2016, 2015 and 2014, examined by us, as set out in Annexure – I (along with notes in Annexure V ) to this report, read with the ‘Basis of Preparation and Significant Accounting Policies of the Restated Financial Statements’ appearing in Annexure- IV are after making such adjustments and regrouping/re-classification as in our opinion were appropriate and are more fully described in the statement of Material Adjustments to the Financial Statements appearing in Annexures. As a result of these adjustments, the amounts



reporting in the above mentioned statements are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial interim years.

- (ii) The Restated Statement of Profit and Loss of the Company for years ended March 31, 2018, 2017, 2016, 2015 and 2014, examined by us, as set out un Annexure – II (along with notes in Annexure V) to this report, read with the ‘Basis of Preparation and Significant Accounting Policies of the Restated Financial Statements’ appearing in Annexure- IV are after making such adjustments and regrouping/re-classification as in our opinion were appropriate and are more fully described in the statement of Material Adjustments to the Financial Statements appearing in Annexures. As a result of these adjustments, the amounts reporting in the above mentioned statements are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial years.
  - (iii) The Restated Statement of Cash flows of the Company for the years ended March 31, 2018, 2017, 2016, 2015 and 2014, examined by us, as set out un Annexure – III (to this report, read with the ‘Basis of Preparation and Significant Accounting Policies of the Restated Financial Statements’ appearing in Annexure- IV are after making such adjustments and regrouping/re-classification as in our opinion were appropriate and are more fully described in the statement of Material Adjustments to the Financial Statements appearing in Annexures. As a result of these adjustments, the amounts reporting in the above mentioned statements are not necessarily the same as those appearing in the audited financial statements of the Company for the relevant financial years.
4. Based on the above, and to the best of our information and according to the explanation given to us, we are of the opinion that Restated Financial Information:
- (a) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policies for all the reporting periods based on the significant accounting policies adopted by the Company as at March 31, 2018;
  - (b) have been made after incorporating adjustments for prior period and other material amounts in the respective financial years to which they relate to; and;
  - (c) do not contain any extra ordinary items that need to be disclosed separately other than those presented in the Restated Financial Information and do not contain any qualification requiring adjustments.
5. We have also examined the following other Restated Financial Information as set out in the Annexures to this report and forming part of the Restated Financial Information, prepared by the management of the Company and approved by the Board of Directors on June 12, 2018, relating to the company for the years ended March 31, 2018, 2017, 2016, 2015 and 2014:
- i) Restated Statement of Assets and Liabilities included in Annexure – I;
  - ii) Restated Statement of Profit and Loss included in Annexure – II;
  - iii) Restated Statement of Cash flow from Restated Financial Statement included in Annexure – III;
  - iv) Basis of Preparation and Significant Accounting Policies of the Restated Financial Statements as included in Annexure – IV.
  - v) Notes to Restated Financial Statements, included in Annexure – V.
  - vi) Restated Statement of Related Party Transaction, included in Annexure – VI;
  - vii) Restated Statement of Capitalisation, included in Annexure – VII;
  - viii) Restated Statement of Tax Shelters, included in Annexure – VIII;



- ix) Restated Statement of Accounting Ratios, included in Annexure IX;
  - x) Restated Statement of Dividend, included in Annexure – X.
6. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as an opinion on any of the Financial Information referred to herein.
7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
8. In our opinion, the above Restated Financial Information contained in Annexure A to U to this report read along with the Basis of Preparation and Significant Accounting policies (Refer Annexure – IV) after making adjustments and regrouping/re-classification as considered appropriate and have been prepared in accordance with the provisions of Section 26 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules 2014, to the extent applicable, the SEBI Regulations, the Guidance Note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement agreed with you.
9. Our report is intended solely for use of the Management and for inclusion in the offer documents in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose except with our prior written consent.

**For M/S Patel Shah & Joshi**  
**Chartered Accountants**  
**(Firm's Registration Number: 107768W)**

**Jayant Mehta**  
**(Partner)**  
**Membership No. 42630**

Place: Rajasthan  
Date: August 30, 2018



**ANNEXURE I**

**RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

(Amounts in Lakhs)

Particulars	An nx.	As at, March 31				
		2018	2017	2016	2015	2014
<b>Equity &amp; Liabilities</b>						
Shareholders' Funds						
(a) Share Capital	<b>A</b>	15.44	15.44	14.77	8.97	5.00
(b) Reserves & Surplus	<b>B</b>	1,296.70	1,002.90	908.65	537.96	291.90
<b>Non-Current Liabilities</b>						
(a) Long-term borrowings	<b>C</b>	1,505.31	1,640.74	1,481.46	1,839.42	746.03
(b) Deferred tax liabilities (net)	<b>D</b>	25.25	24.43	22.69	16.95	-
<b>Current liabilities</b>						
(a) Short-term borrowings	<b>E</b>	1,932.45	1,689.34	1,772.50	1,060.82	723.88
(b) Trade payables	<b>F</b>	2,665.36	1,390.24	1,089.66	421.29	196.68
- Dues to Micro & Small Enterprises		-	-	-	-	-
- Dues to Other Than Micro & Small Enterprises		-	-	-	-	-
(c) Other current liabilities	<b>G</b>	178.40	144.11	124.40	34.86	29.68
<b>Total</b>		<b>7,618.91</b>	<b>5,907.20</b>	<b>5,414.12</b>	<b>3,920.28</b>	<b>1,993.17</b>
<b>Assets</b>						
<b>Non-current assets</b>						
(a) Fixed Assets	<b>H</b>	1,460.82	1,620.05	1,803.86	1,719.98	755.03
- Property, Plant & Equipment		-	-	-	-	-
- Intangible Assets		-	-	-	-	-
- Capital Work-In-Progress		-	-	-	128.49	-
(b) Long-term loans and advances	<b>I</b>	25.75	25.75	25.75	105.83	-
(c) Other non-current assets	<b>J</b>	-	-	0.51	1.02	1.52
<b>Current Assets</b>						
(b) Inventories	<b>K</b>	1,956.92	1,472.62	1,295.92	917.08	432.95
(c) Trade Receivables	<b>L</b>	4,050.51	2,665.48	2,049.49	797.65	734.56
(d) Cash & Bank Balances	<b>M</b>	49.12	78.32	149.57	155.04	33.14
(e) Short Term Loans & advances	<b>N</b>	51.43	23.70	35.96	45.37	33.74
(f) Other Current Assets	<b>O</b>	24.37	21.27	53.07	49.83	2.22
<b>Total</b>		<b>7,618.91</b>	<b>5,907.20</b>	<b>5,414.12</b>	<b>3,920.28</b>	<b>1,993.17</b>



**For M/S Patel Shah & Joshi**

Chartered Accountants

(Firm's Registration Number: 107768W)

**For and on behalf of Board of Directors**

**Jayant Mehta**

**(Partner)**

**Membership No. 42630**

**Norat Mal Choudhary**

**Managing Director**

**DIN: 03558999**

**Rohit Toshniwal**

**Director**

**DIN: 03507310**

**Place : Rajasthan**

**Dated: August 30, 2018**

**Mukul Lakhota**

**Chief Financial Officer**

**Nikita Daga**

**Company Secretary**


**ANNEXURE II**
**RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS**
*(Amounts in Lakhs)*

Particulars	An nx	For the Year ended March 31				
		2018	2017	2016	2015	2014
<b>Continuing Operations</b>						
<b>Revenue from operations:</b>	<b>P</b>					
- Sale of Manufactured & Processed Goods		10,748.26	8,335.05	5,931.09	3,779.79	3,235.96
- Other Operating Income		362.25	-	331.50	19.36	-
<b>Net Revenue from operations</b>		<b>11,110.51</b>	<b>8,335.05</b>	<b>6,262.59</b>	<b>3,799.15</b>	<b>3,235.96</b>
Other income	<b>P</b>	87.31	14.69	15.79	15.78	28.06
<b>Total Revenue (A)</b>		<b>11,197.82</b>	<b>8,349.74</b>	<b>6,278.38</b>	<b>3,814.93</b>	<b>3,264.01</b>
<b>Expenses:</b>						
Cost of Materials & Stores Consumed	<b>Q</b>	9,181.97	6,481.61	4,997.00	3,012.55	2,348.27
Changes in inventories of finished goods, WIP and Stock-in-Trade	<b>R</b>	(173.96)	(27.03)	(222.88)	6.29	101.76
Employee benefits expense	<b>S</b>	209.20	161.97	166.29	94.29	84.57
Other expenses	<b>T</b>	897.16	893.22	678.01	326.16	405.80
<b>Total Expenses (B)</b>		<b>10,114.37</b>	<b>7,509.77</b>	<b>5,618.43</b>	<b>3,439.30</b>	<b>2,940.40</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization (C=A-B)</b>		<b>1,083.46</b>	<b>839.96</b>	<b>659.95</b>	<b>375.63</b>	<b>323.61</b>
Finance costs	<b>U</b>	447.43	520.32	348.12	217.08	179.38
Depreciation and amortization expenses		196.83	220.25	240.92	113.27	117.83
<b>Total Dep &amp; Finance Cost (E)</b>		<b>644.26</b>	<b>740.58</b>	<b>589.04</b>	<b>330.35</b>	<b>297.21</b>
<b>Net Profit before exceptional items, extraordinary items and tax (D=C-E)</b>		<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.40</b>
Exceptional items (F)		-	-	-	-	-
<b>Net Profit before extraordinary items and tax (E=C-D)</b>		<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.40</b>
Extraordinary items (G)		-	-	-	-	-
<b>Net Profit before tax (H=F-G)</b>		<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.40</b>
<b>Provision for Tax</b>						
- Current Tax		144.58	22.60	14.21	9.38	5.43
- Tax adjustment of prior years		-	3.25	-	-	-
- Deferred Tax Liability / (Asset)		0.81	1.75	5.74	16.95	-
- MAT Credit Entitlement		-	14.45	(0.79)	(8.63)	(5.03)
<b>Tax Expense for The Year (I)</b>		<b>145.40</b>	<b>42.04</b>	<b>19.16</b>	<b>17.70</b>	<b>0.39</b>
<b>Restated Net Profit after tax from Continuing Operations (J=H-I)</b>		<b>293.80</b>	<b>57.35</b>	<b>51.76</b>	<b>27.58</b>	<b>26.01</b>



<b>Net Profit from Discontinuing Operations (K)</b>		-	-	-	-	-
<b>Restated Net Profit for the year from total operations (L=J+K)</b>	-	<b>293.80</b>	<b>57.35</b>	<b>51.76</b>	<b>27.58</b>	<b>26.01</b>

**For M/S Patel Shah & Joshi**

Chartered Accountants

(Firm's Registration Number: 107768W)

**For and on behalf of Board of Directors**

**Jayant Mehta**

**(Partner)**

**Membership No. 42630**

**Norat Mal Choudhary**

**Managing Director**

**DIN: 03558999**

**Rohit Toshniwal**

**Director**

**DIN: 03507310**

**Place:** Rajasthan

**Dated:** August 30, 2018

**Mukul Lakhota**

**Chief Financial Officer**

**Nikita Daga**

**Company Secretary**



**ANNEXURE III**

**RESTATED SUMMARY STATEMENT OF CASH FLOWS**

(Amounts in lakhs)

Particulars	For the Year ended March 31				
	2018	2017	2016	2015	2014
<b>(D) Cash Flow from Operating Activities:</b>					
<b>Net Profit before tax and extraordinary item</b>	<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.01</b>
<i>Adjustments for:</i>					
Depreciation and amortization expense	196.83	220.25	241.43	113.78	118.34
Finance Cost	447.43	520.32	348.12	217.08	179.38
Interest Received / Other Non-Operative Receipts	(87.31)	(14.69)	(15.79)	(15.78)	(28.06)
<b>Operating Profit before Changes in Operating Assets &amp; Liabilities</b>	<b>996.15</b>	<b>825.28</b>	<b>644.67</b>	<b>360.36</b>	<b>295.67</b>
<i>Adjustments for:</i>					
(Increase)/Decrease in inventories	(484.29)	(176.71)	(378.84)	(484.13)	90.05
(Increase)/Decrease in trade and other receivables	(1,385.03)	(615.99)	(1,251.84)	(63.09)	(267.49)
(Increase)/Decrease in Short Term Loans & Advances	(27.73)	12.26	9.41	(11.63)	(30.11)
(Increase)/Decrease in Other Current Assets	(3.09)	31.80	(3.25)	(47.60)	(1.26)
Increase/(Decrease) in Trade Payables	1,275.12	300.58	668.37	224.62	(29.37)
Increase/(Decrease) in Other Current Liabilities	(110.29)	(20.58)	76.13	4.43	(16.07)
Increase/(Decrease) in Short & Long-Term Provisions	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-
<b>Changes in Operating Assets &amp; Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash Flow from Extra-Ordinary Items	-	-	-	-	-
<b>Cash Generated from Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Taxes Paid	-	-	-	-	-
<b>Net Cash from Operating Activities (A)</b>	<b>260.84</b>	<b>356.63</b>	<b>(235.35)</b>	<b>(17.04)</b>	<b>41.42</b>
<b>(E) Cash Flow from Investing Activities:</b>					
Fixed Assets Purchased (Net)	(37.61)	(35.94)	(196.31)	(1,206.72)	14.51
Interest Received/ Other Non-Operative Receipts	87.31	14.69	15.79	15.78	28.06
(Increase)/Decrease in Long Term Loans & Advances	-	-	80.07	(105.83)	3.90
<i>Adjustments for:</i>					
Current & Non-Current Investments	-	-	-	-	-
<b>Net Cash from Investing Activities (B)</b>	<b>49.70</b>	<b>(21.25)</b>	<b>(100.44)</b>	<b>(1,296.77)</b>	<b>46.46</b>
<b>(F) Cash Flow from Financing Activities:</b>					
Proceeds from Short term borrowings	243.11	(83.16)	711.68	336.94	252.93
Proceeds from Long term borrowings	(135.43)	159.28	(357.96)	1,093.39	(152.56)
Proceeds from issue of Share Capital	-	37.58	324.72	222.45	-
Finance Cost	(447.43)	(520.32)	(348.12)	(217.08)	(179.38)
<b>Net Cash from Financing Activities (C)</b>	<b>(339.75)</b>	<b>(406.62)</b>	<b>330.31</b>	<b>1,435.70</b>	<b>(79.01)</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(29.22)</b>	<b>(71.24)</b>	<b>(5.48)</b>	<b>121.90</b>	<b>8.88</b>



<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>78.32</b>	<b>149.57</b>	<b>155.04</b>	<b>33.14</b>	<b>24.26</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>49.11</b>	<b>78.32</b>	<b>149.57</b>	<b>155.04</b>	<b>33.14</b>

**For M/S Patel Shah & Joshi**

Chartered Accountants

(Firm's Registration Number: 107768W)

**For and on behalf of Board of Directors**

**Jayant Mehta**

(Partner)

Membership No. 42630

**Norat Mal Choudhary**

Managing Director

DIN: 03558999

**Rohit Toshniwal**

Director

DIN: 03507310

**Place:** Rajasthan

**Dated:** August 30, 2018

**Mukul Lakhota**

Chief Financial Officer

**Nikita Daga**

Company Secretary



## **ANNEXURE IV**

### **RESTATED SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **General Information**

Sahaj Fashions Limited (the Company) incorporated under the provisions of the Companies Act, 1956 with Certificate of Incorporation dated May 20, 2011 issued by the Registrar of Companies, Jaipur. The Corporate Identity Number of Company is U17119RJ2011PLC035248.

#### **Nature of Operations**

The Company is having its manufacturing facility at Kishangarh, Dist. Ajmer, Rajasthan and is presently engaged in Manufacturing, Trading & Marketing of Finished Fabrics, Grey Fabrics.

### **I. SIGNIFICANT ACCOUNTING POLICIES:**

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#### **Basis of preparation of Financial Statements**

These financial statements as restated are prepared under the historical cost basis of accounting and evaluated on a going concern basis, with revenues and expenses accounted for on their accrual to comply in all material aspects with the applicable accounting principles and applicable Accounting Standards notified under section 211 (3C) of the Companies Act, 1956 and read with general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 and the relevant provisions of the Companies Act, 1956 (upto 31st March, 2014) and Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP').

The Financial Statements for the period ended 31st March, 2018 and for the year ended 31st March, 2017, 2016 and 2015 have been prepared in accordance with Schedule III of the Companies Act, 2013. Financial Statements for the year ended on 31 March 2014 and 31 March 2013 in accordance with Revised Schedule VI of the Companies Act, 1956. For the purpose of inclusion in the offer document, audited financial statements are prepared in accordance with Schedule III of the Companies Act, 2013. The adoption of Schedule III of the Companies Act, 2013 do not impact recognition and measurement principles followed for preparation of financial statements. However, adoption of Schedule III of the Companies Act, 2013 has significant impact on presentation and disclosures made in the financial statements for these years.

The accounting policies have been consistently applied by the Company; and the accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP'). The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### **Use of estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported balances of assets as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as and when the Management becomes aware of the changes in the circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and if material, their effects are disclosed in the notes to the financial statements.



## **Change in accounting estimate**

Pursuant to Companies Act, 2013 being effective from 1 April 2014, the Company has revised the depreciation rates on fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act.

The following significant accounting policies are adopted in the preparation and presentation of these financial statements:

### **1. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

#### *Sales of Goods:*

Sales are recognized when significant risks and rewards of ownership of goods have been passed to the buyer. Purchases & Sales are recorded net of duties & taxes.

#### *Other Operating Revenue / Other Income:*

Other Operating Incomes & Other Income are recognized on accrual basis in the year in which right to receive the same is established.

#### *Interest:*

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### *TUFS Subsidy:*

Technology Upgradation Fund Scheme (TUFS), it is a Government Grant and recognised in the profit and loss statement on a systematic and rational basis over the period necessary to match them with the related costs. Income is recognised on a receipt basis is not in accordance with the accrual accounting assumption.

### **2. Tangible Fixed assets**

Gross fixed assets are stated at cost of acquisition including incidental expenses relating to acquisition and installation. Fixed Assets are stated at cost net of modvat / cenvat / other credits and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All pre-operative costs, including specific financing cost till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from foreign exchange rate variations attributable to the fixed assets are capitalized. Long-term leasehold assets are capitalized under fixed assets.

### **3. Depreciation**

Depreciation on fixed assets is provided on Written Down Value Method (WDV) at the rate and manner prescribed in schedule XIV of the Companies Act, 1956 up to the years ended on 31/03/2014. For the period after 01/04/2014, the depreciation on fixed assets is on Straight Line Method (SLM) at the rates arrived at on the basis of useful life / remaining useful life and in the manner as prescribed in, Part C, Schedule II of the Companies Act, 2013. In respect of assets whose useful life is already exhausted as on 1st April, 2014, the carrying amount as on 1st April, 2014 after retaining the Scrap Value, has been adjusted through retained earnings in FY 14-15.



The details of useful life of an asset and its residual value estimated by the management are as follows: -

Type of Asset	Useful Life as per Schedule II from April 1, 2014	Rates Applied FY 12-13 & 13-14
Factory Building	30 Years	10.00%
Office Building	60 Years	5.00%
Residential Building	60 Years	NA
Leasehold Land	99 Years	NA
Plant & Machineries	15 Years	13.91%
Vehicles (Motor Cars)	8 Years	25.89%
Vehicles (Two Wheelers)	10 Years	25.89%
Office Equipments	5 Years	13.91%
Furniture & Fixtures	10 Years	18.10%
Computers & Softwares	3 Years	40.00%
Servers & Networks	6 Years	40.00%

In none of the case the residual value of an asset is more than five per cent of the original cost of the asset.

#### 4. Investments

Investments are classified Current Investments and Non-Current Investments. Current Investments comprises of Equity Shares of Listed Entities being traded on recognized stock exchange and are valued at cost. Non-Current Investments comprises of Investment in Associate Company, Investment in Partnership Firm and Investments in Quoted Equity Shares. Non-Current Investments are stated at cost. A provision for diminution in the value of Investments is made for each investment individually if such decline is other than temporary.

#### 5. Inventories

Inventories of Raw Materials, Semi-Finished Goods and Finished Goods are stated at cost or net realizable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs which are being incurred in bringing the inventories to their present location and condition. Cost formula used is 'Average cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.

#### 6. Retirement Benefits & Other Employee benefits

##### Defined-contribution plans:

Defined contribution to provident fund is charged to the profit and loss account on accrual basis.

#### 7. Foreign exchange transactions

There is no foreign currency gain or losses are recognized in the profit and loss account.

#### 8. Lease accounting

Operating Leases: Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are



recognized as an expense in the statement of profit and loss. Initial direct cost in respect of the lease acquired are expensed out in the year in which such costs are incurred.

## **9. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Costs incurred in raising funds are amortized equally over the period for which the funds are acquired. All other borrowing costs are charged to profit and loss account.

## **10. Taxes on income**

Tax expenses comprise Current Tax / Minimum Alternate Tax (MAT) and deferred tax charge or credit.

**Current tax** -Provision for current tax / Minimum Alternate Tax (MAT) is made based on tax liability computed after considering tax allowances and exemptions, in accordance with the provisions of The Income Tax Act, 1961.

**Deferred tax** -Deferred tax assets and liability is recognized, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising mainly on account of brought forward losses, unabsorbed depreciation and minimum alternate tax under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassure realization. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

## **11. Earnings per share:**

Basic earnings/(loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance sheet date but before the date the financial statements are approved by the board of directors, if any.

## **12. Proposed Dividend**

Dividend recommended by the Board of Directors is provided for in the books of accounts of respective financial years.

## **13. Provisions and contingent liabilities**

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to



settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities are disclosed by way of notes to the accounts and Contingent assets are not recognized.

#### **14. Cash & Cash Equivalents**

Cash and cash equivalents in the cash flow statement comprise cash at bank & on hand and Cheques / Demand Draft on hand.

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.

#### **15. Segment Reporting**

In accordance with Accounting Standard-17 – “Segment Reporting” issued by the Institute of Chartered Accountants of India, the Company has identified its business segment as "Manufacturing, Trading & Marketing of Fabrics". There are no other primary reportable segments. The major and material activities of the company are restricted to only one geographical segment i.e. India, hence the secondary segment disclosures are also not applicable.

## **II. NOTES TO RESTATED SUMMARY STATEMENT:**

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The financial statements for the year ended March 31, 2014 are prepared as per the revised schedule VI and financial statements for the year ended March 31, 2015, year ended March 31, 2016, year ended March 31, 2017 and period ended March 31, 2018 are prepared as per Schedule III of the Companies Act, 2013. Accordingly, the figures of the previous years have also been re-classified to confirm to classification as per the Schedule III. The adoption of revised schedule VI and Schedule III for the figures of the previous years does not impact recognition and measurement principles followed for the preparation of these financial statements.

1. Contingent liabilities and commitments (to the extent not provided for) A disclosure for a contingent liability is also made when there is a possible obligation that may, require an outflow of the Company's resources.
2. Related party transactions are already reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure-V of the enclosed financial statements.
3. *Deferred Tax liability/Asset in view of Accounting Standard – 22: “Accounting for Taxes on Income” as at the end of the year:* Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised. In situations where the entity has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
4. *Earnings Per Share:* Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during



the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings/(loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

5. Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure to the extent possible.
6. The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required to be provided for.
7. The balances of trade payables, trade receivables, loans and advances are unsecured and considered as good are subject to confirmations of respective parties concerned.
8. *Employee benefits:*  
Contributions to the provident fund, a defined contribution scheme, are charged to the Restated Summary Statement of Profits and Losses for the year when the contributions are due.

Gratuity liability is accrued on the basis of an actuarial valuation made at the end of reporting period. The actuarial valuation is performed by an independent actuary as per projected unit credit method.

Accumulated leave, which is expected to be utilised within next twelve months, is treated as short term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are computed based on the actuarial valuation performed by an independent actuary using the projected unit credit method at the reporting period end.

9. *Realizations*  
In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets and loans and advances are approximately of the same value as stated.
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 lacs rupees. Figures in brackets indicate negative values.
12. *Leases*  
*Operating Lease*  
Operating leases are mainly in the nature of office rent and godown rent with no restrictions and are renewable by mutual consent. Lease rental payments made by the Company are recognized in the statement of profit and loss.



**ANNEXURE V**

**RESTATED SUMMARY STATEMENT OF NOTES TO RESTATED FINANCIAL SUMMARY STATEMENTS**

**ANNEXURE A**

**STATEMENT OF SHARE CAPITAL**

*(Amounts in Lakhs)*

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Share Capital</b>					
<b>Authorized Share Capital</b>					
Equity shares of Rs.10 each	2,00,000	2,00,000	2,00,000	1,00,000	50,000
Share Capital (Amt. Rs. In Lacs)	20.00	20.00	20.00	10.00	5.00
<b>Issued, Subscribed and Paid up Share Capital</b>					
Equity Shares of Rs. 10 each fully paid up	1,54,420	1,54,420	1,47,710	89,724	50,000
Share Capital (Amt. Rs. In Lacs)	15.44	15.44	14.77	8.97	5.00
<b>Total</b>	<b>15.44</b>	<b>15.44</b>	<b>14.77</b>	<b>8.97</b>	<b>5.00</b>

**Reconciliation of Number of Shares outstanding at the beginning and at the end of the reporting period**

*(Amounts in Lakhs)*

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Equity Shares</b>					
Shares outstanding at the beginning of the year	1,54,420	1,47,710	89,724	50,000	50,000
Shares Issued during the year	-	6,710	57,986	39,724	-
Shares bought back during the year	-	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,54,420</b>	<b>1,54,420</b>	<b>1,47,710</b>	<b>89,724</b>	<b>50,000</b>



**Shares in the company held by each shareholder holding more than 5 percent shares**

(Amounts in Lakhs)

Name of Shareholder	As at, March 31									
	2018		2017		2016		2015		2014	
	No. Of Shares held	% of Holding	No. Of Shares held	% of Holding	No. Of Shares held	% of Holding	No. Of Shares held	% of Holding	No. Of Shares held	% of Holding
HDK International Pvt. Ltd.	-	-	71,197	46.11%	71,197	48.20%	17,431	19.43%	3,431	6.86%
Sadhana Toshniwal	21,500	13.92%	21,500	13.92%	21,500	14.56%	21,500	23.96%	12,500	25.00%
Rakesh Choudhary	3,774	2.44%	3,774	2.44%	3,774	2.56%	3,774	4.21%	3,774	7.55%
Norat Mal Choudhary	16,504	10.69%	13,504	8.74%	9,794	6.63%	9,794	10.92%	8,294	16.59%
Prabha Lakhota	17,691	11.46%	17,691	11.46%	17,691	11.98%	17,691	19.72%	9,967	19.93%
Rohit Toshniwal	21,055	13.63%	21,055	13.63%	21,055	14.25%	19,514	21.75%	12,014	24.03%
Toshniwal Corporation	6,975	4.52%	-	-	-	-	-	-	-	-
Maheshwari International	7,558	4.89%	-	-	-	-	-	-	-	-
Nitin International	8,036	5.20%	-	-	-	-	-	-	-	-
Sahaj Corporation	7,547	4.89%	-	-	-	-	-	-	-	-
Usha Investments	9,041	5.85%	-	-	-	-	-	-	-	-
Aruna Trading	8,356	5.41%	-	-	-	-	-	-	-	-
Vijay Trading	10,228	6.62%	-	-	-	-	-	-	-	-
Gayatri Trading	9,756	-	-	-	-	-	-	-	-	-
Shashi Bangur	-	-	-	-	-	-	-	-	10	-
Sunita Bangur	-	-	-	-	-	-	-	-	10	-
	<b>148,021</b>	<b>89.54%</b>	<b>148,721</b>	<b>96.31%</b>	<b>145,011</b>	<b>98.17%</b>	<b>89,704</b>	<b>99.98%</b>	<b>50,000</b>	<b>99.96%</b>



**Shares issued other than cash, bonus issue and shares bought back**

(Amounts in Lakhs)

Particulars	As at, March 31 (Aggregate No. of Shares)				
	2018	2017	2016	2015	2014
<b>Equity Shares:</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-
<b>Unpaid Calls</b>					
By Directors	-	-	-	-	-
By others	-	-	-	-	-

**Notes:**

**1. Increase in Authorized Capital**

The company has increased the authorized capital from Rs. 20 Lacs to Rs. 1,010.00 lacs vide shareholders' approval dated August 10, 2018.

**2. Bonus Issue of Shares**

The company has allotted 72,57,740 Equity Shares on August 28, 2018 as Bonus Shares in the ratio of 47:1 i.e. 47 fresh Equity shares of face value of Rs. 10/- each were allotted as bonus shares for each existing equity share as approved by the members during Extra-ordinary General Meeting held on August 20, 2018.

**3. Terms / Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



**ANNEXURE B**  
**RESTATED SUMMARY STATEMENT OF RESERVES AND SURPLUS**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Securities Premium Account</b>					
Opening Balance	857.13	820.23	501.30	282.82	282.82
Add: Premium on shares issued during the year	-	36.91	318.92	218.48	-
Less: Utilized during the year					
<b>Closing Balance (A)</b>	<b>857.13</b>	<b>857.13</b>	<b>820.23</b>	<b>501.30</b>	<b>282.82</b>
<b>Surplus in Statement of Profit &amp; Loss</b>					
Opening Balance	145.77	88.42	36.66	9.08	(16.93)
Add: Profit for the year	293.80	57.35	51.76	27.58	26.01
<b>Closing Balance (B)</b>	<b>439.57</b>	<b>145.77</b>	<b>88.42</b>	<b>36.66</b>	<b>9.08</b>
<b>TOTAL</b>	<b>1,296.70</b>	<b>1,002.90</b>	<b>908.65</b>	<b>537.96</b>	<b>291.90</b>

**Notes:**

1. Company does not have any Revaluation Reserve.
2. Refer Annexure X regarding details of dividend declared.

**ANNEXURE C**  
**RESTATED STATEMENT OF LONG TERM BORROWINGS**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Long Term Borrowings</b>					
<b>Term Loans and Vehicle Loans</b>					
From Banks & Financial Institutions	984.58	1,069.84	1,287.83	1,376.61	574.59
From Related Parties	520.73	570.90	193.63	462.81	171.45
<b>TOTAL</b>	<b>1,505.31</b>	<b>1,640.74</b>	<b>1,481.46</b>	<b>1,839.42</b>	<b>746.03</b>
<b>Current portion of long-term borrowings, included under Other Current Liabilities</b>					
<b>TOTAL LONG-TERM BORROWINGS</b>					
<b>The above amount includes:</b>					
Secured Borrowings	855.39	1,049.54	1,287.83	1,376.61	574.59
Unsecured Borrowings	649.92	591.20	193.63	462.81	171.45
<b>TOTAL</b>	<b>1,505.31</b>	<b>1,640.74</b>	<b>1,481.46</b>	<b>1,839.42</b>	<b>746.03</b>

**Notes:**

1. The terms and conditions and other information in respect of Secured Loans are given in Annexure-C1


**ANNEXURE C1**
**RESTATED STATEMENT OF BORROWINGS**
*(Amounts in Lakhs)*

Name of bank	Currency	Type of Facility	Sanctioned amount	Rate of interest	As at 31 March 2018	Security
HDFC Bank Limited	INR	Term Loan 1	150.74	8.15%	112.15	Stock
		Term Loan 2	690.70	8.15%	663.62	Book Debts
		Term Loan 3	82.27	8.15%	79.61	Property
		Cash Credit	2000.00	8.15%	1932.45	Stock, Book Debts and Property
Bajaj Finance		Business Loan	30.60	17.00%	25.72	Unsecured
Tata Capital			40.00	16.50%	32.02	
ICICI Bank			30.00	15.00%	25.26	
Capital First	50.00		17.50%	46.18		

**ANNEXURE D**
**RESTATED STATEMENT OF DEFERRED TAX (ASSETS) / LIABILITIES**
*(Amounts in Lakhs)*

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Opening Balance (A)</b>					
Opening Balance of Deferred Tax (Asset) / Liability	-	-	-	-	-
<b>Closing Balances (B)</b>					
(DTA) / DTL on Timing Difference in Depreciation as per Companies Act and Income Tax Act.	25.25	24.43	22.69	16.95	-
(DTA) / DTL on account of gratuity provision					
<b>Closing Balance of Deferred Tax (Asset) / Liability (B)</b>					
<b>Current Year Provision (B-A)</b>	<b>25.25</b>	<b>24.43</b>	<b>22.69</b>	<b>16.95</b>	<b>-</b>

**ANNEXURE E**
**RESTATED STATEMENT OF SHORT TERM BORROWINGS**
*(Amounts in Lakhs)*

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Short Term Borrowings</b>					
From Banks- Cash Credit	1,932.45	1,689.34	1,772.50	1,060.82	723.88
<b>TOTAL</b>	<b>1,932.45</b>	<b>1,689.34</b>	<b>1,772.50</b>	<b>1,060.82</b>	<b>723.88</b>
<b>Interest accrued but not due, included under Other current liabilities (short-term borrowings)</b>	-	-	-	-	-
<b>TOTAL SHORT-TERM</b>					
<b>The above amount includes:</b>					
Secured Borrowings	1,932.45	1,689.34	1,772.50	1,060.82	723.88
Unsecured Borrowings	-	-	-	-	-
<b>TOTAL</b>	<b>1,932.45</b>	<b>1,689.34</b>	<b>1,772.50</b>	<b>1,060.82</b>	<b>723.88</b>

**Notes:**

- The terms and conditions and other information in respect of Secured Loans are given in Annexure-C1.



**ANNEXURE F**  
**RESTATED STATEMENT OF TRADE PAYABLES**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Trade Payables</b>					
For Goods & Expenses - Micro, Small & Medium Enterprises	-	-	-	-	-
For Goods & Expenses - Others	2,665.36	1,390.24	1,089.66	421.29	196.68
<b>TOTAL</b>	<b>2,665.36</b>	<b>1,390.24</b>	<b>1,089.66</b>	<b>421.29</b>	<b>196.68</b>
<b>Of Above, Due Payable to Related Parties</b>					
Directors, Relatives & Entities significantly influenced by directors	-	-	-	-	-

**Notes:**

- The company has made disclosure u/s. 22 of Micro, Small and Medium Enterprises Development Act, 2006 (Refer Note II (2) Notes to Summary Restatements) in Annexure IV.

**ANNEXURE G**  
**RESTATED STATEMENT OF OTHER CURRENT LIABILITIES**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Current maturities of long-term borrowings</b>					
From Banks & Financial Institutions					
Duties & Taxes / Statutory Liabilities	8.26	10.01	6.93	2.12	2.04
Advance from customers	-	-	-	-	-
Security Deposits	-	-	-	-	-
Other Payables (Salary Payable)	170.14	134.11	117.47	32.73	27.64
<b>TOTAL</b>	<b>178.40</b>	<b>144.11</b>	<b>124.40</b>	<b>34.86</b>	<b>29.68</b>

**ANNEXURE H**  
**RESTATED STATEMENT OF FIXED ASSETS**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Land &amp; Building</b>	507.81	520.53	556.07	603.88	193.93
<b>Plant &amp; Machinery</b>					
Plant & Machinery	945.55	1,089.19	1,232.72	1,098.46	557.32



<b>Vehicles</b>					
Vehicles	4.54	6.62	9.66	14.11	1.66
<b>Furniture &amp; Fixtures</b>					
Furniture & Fixtures	1.68	2.05	2.77	1.27	0.59
Other Fixed Assets	0.80	1.43	2.01	2.24	1.45
<b>Computers &amp; Software's</b>					
Computers & Mobiles	0.44	0.23	0.63	0.02	0.08
<b>Grand Total</b>	<b>1,460.82</b>	<b>1,620.05</b>	<b>1,803.86</b>	<b>1,719.98</b>	<b>755.03</b>

**ANNEXURE I  
RESTATED STATEMENT OF LONG-TERM LOANS AND ADVANCES**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Unsecured, Considered Good unless otherwise stated</b>					
Security Deposits	25.75	25.75	25.75	105.83	-
Unsecured Considered Good	-	-	-	-	-
<b>TOTAL</b>	<b>25.75</b>	<b>25.75</b>	<b>25.75</b>	<b>105.83</b>	<b>-</b>

**ANNEXURE J  
RESTATED STATEMENT OF OTHER NON-CURRENT ASSETS**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
Miscellaneous Expenses (to the extent not written off)	-	-	0.51	1.01	1.52
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>0.51</b>	<b>1.01</b>	<b>1.52</b>

**ANNEXURE K  
RESTATED STATEMENT OF INVENTORIES**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Closing Inventories of</b>					
					-
Semi-Finished Goods	150.66	243.23	210.80	35.03	50.45
Finished Goods	516.11	211.64	278.83	268.28	165.37
Raw Materials	1,290.14	1,017.75	806.29	613.76	217.13
<b>TOTAL</b>	<b>1,956.92</b>	<b>1,472.62</b>	<b>1,295.92</b>	<b>917.08</b>	<b>432.95</b>



**ANNEXURE L**  
**RESTATED STATEMENT OF TRADE RECEIVABLES**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
Outstanding for a period exceeding six months ( <b>Unsecured and considered Good</b> )	30.73	0.00	12.49	0.00	1.33
From Entities significantly influenced by directors	-	-	-	-	-
Others	-	-	-	-	-
Outstanding for a period not exceeding 6 months ( <b>Unsecured and considered Good</b> )	4019.78	2665.48	2037.00	797.65	733.24
From Entities significantly influenced by directors	-	-	-	-	-
Others	-	-	-	-	-
<b>TOTAL</b>	<b>4,050.51</b>	<b>2,665.48</b>	<b>2,049.49</b>	<b>797.65</b>	<b>734.56</b>

**ANNEXURE M**  
**RESTATED STATEMENT OF CASH & CASH EQUIVALENTS**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
a. Cash on Hand	14.78	8.51	10.71	21.68	0.55
	-	-	-	-	-
b. Balances with Banks	-	-	-	-	-
- In Current Accounts	3.36	35.31	104.36	76.78	0.20
- In Bank Deposits	30.97	34.50	34.50	35.51	14.51
- In Earmarked Accounts	-	-	-	-	-
Balances held as margin money or security against borrowings, guarantees and other commitments	-	-	-	21.07	17.89
	-	-	-	-	-
c. DD / Cheques on Hand	-	-	-	-	-
	-	-	-	-	-
<b>TOTAL</b>	<b>49.11</b>	<b>78.32</b>	<b>149.57</b>	<b>155.04</b>	<b>33.14</b>

**Notes:**

- The details of SBNs held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination-wise SBNs and other notes as per the MCA notification are as under: -

Particulars	SBNs	Other Denominations Notes	Total
Closing Cash in hand on 8th November, 2016	69.65	4.46	74.11
Add: Withdrawal from Banks	-	-	-
Add: Permitted Receipts	-	2.84	2.84
Less: Permitted Payments	-	0.26	0.26
Less: Paid for non-permitted transactions	-	-	-
Less: Amount Deposited in Banks	69.65	-	69.65
Closing Cash as on 30th December, 2016	-	0.00	7.04



**ANNEXURE N**

**RESTATED STATEMENT OF SHORT-TERM LOANS AND ADVANCES**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Unsecured, Considered Good unless otherwise stated</b>					
TDS Excess Paid	-	-	-	0.09	-
Advance to Employees	-	-	-	-	-
Intercompany Deposits	51.43	23.70	21.51	31.55	28.67
Other Deposits	-	-	-	0.06	0.04
MAT Credit Entitlement	-	-	14.45	13.66	5.03
<b>TOTAL</b>	<b>51.43</b>	<b>23.70</b>	<b>35.96</b>	<b>45.37</b>	<b>33.74</b>

**ANNEXURE O**

**RESTATED STATEMENT OF OTHER CURRENT ASSETS**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
Accrued Interest on FDR	6.76	11.00	7.00	4.00	2.22
Excise Duty Receivable	17.61	10.58	45.76	45.76	-
<b>TOTAL</b>	<b>24.37</b>	<b>21.27</b>	<b>53.07</b>	<b>49.83</b>	<b>2.22</b>

**ANNEXURE P**

**RESTATED STATEMENT OF REVENUE FROM OPERATIONS**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Revenue from Operations</b>					
Sale of Manufactured & Processed Goods	10,748.26	8,335.05	5,931.09	3,779.79	3,235.96
<b>Other Operating Income</b>					
Job Work Income	362.25	-	331.50	19.36	-
<b>Total</b>	<b>11,110.51</b>	<b>8,335.05</b>	<b>6,262.59</b>	<b>3,799.15</b>	<b>3,235.96</b>

**RESTATED STATEMENT OF OTHER INCOME**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>Recurring Income:</b>					
Yarn & Spares Discounts	-	8.87	8.73	3.49	6.25
TUFS Subsidy	83.77	-	1.08	4.30	-
Interest Income	3.54	5.82	5.99	7.99	21.80
<b>Total</b>	<b>87.31</b>	<b>14.69</b>	<b>15.79</b>	<b>15.78</b>	<b>28.06</b>



**ANNEXURE Q**

**RESTATED STATEMENT OF COST OF RAW MATERIALS & COMPONENTS CONSUMED**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
Opening Stock	1,039.93	890.25	734.29	243.87	232.16
Add: Purchases (Net)	9,492.30	6,631.29	5,152.96	3,502.97	2,359.98
Less: Transitional Input GST Credit	-	-	-	-	-
Less: Closing Stock	1,350.26	1,039.93	890.25	734.29	243.87
<b>Raw Materials &amp; Components Consumed</b>	<b>9,181.97</b>	<b>6,481.61</b>	<b>4,997.00</b>	<b>3,012.55</b>	<b>2,348.27</b>

**ANNEXURE R**

**RESTATED STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>a. Inventories (at close)</b>					
Finished Goods	455.99	189.46	194.87	147.75	138.63
Work-In-Progress	150.66	243.23	210.80	35.03	50.45
<b>Total (a)</b>	<b>606.65</b>	<b>432.69</b>	<b>405.67</b>	<b>182.79</b>	<b>189.08</b>
<b>b. Inventories (at commencement)</b>					
Finished Goods	189.46	194.87	147.75	138.63	204.13
Work-In-Progress	243.23	210.80	35.03	50.45	86.71
<b>Total (b)</b>	<b>432.69</b>	<b>405.67</b>	<b>182.79</b>	<b>189.08</b>	<b>290.84</b>
<b>Total (b-a)</b>	<b>(173.96)</b>	<b>(27.03)</b>	<b>(222.88)</b>	<b>6.29</b>	<b>101.76</b>

**ANNEXURE S**

**RESTATED STATEMENT OF EMPLOYEE BENEFIT EXPENSES**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
Salary, Wages and Bonus (including directors' remuneration)	203.94	160.50	164.75	94.29	83.94
Contribution to Provident Fund, Gratuity Fund Provision & Other Contribution	5.26	1.47	1.54	-	0.63
<b>Total</b>	<b>209.20</b>	<b>161.97</b>	<b>166.29</b>	<b>94.29</b>	<b>84.57</b>



**ANNEXURE T**

**RESTATED STATEMENT OF OTHER EXPENSES**

(Amounts in Lakhs)

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
<b>a. Manufacturing &amp; Operating Cost</b>					
Purchases	57.49	-	24.78	11.10	14.15
Consumption of Electric, Power and Fuel	233.21	202.78	197.46	140.53	127.45
Freight Inward	38.40	23.16	29.48	7.29	8.88
Sizing Exp	73.03	106.90	80.38	73.56	99.99
Yarn Dyeing & Books of Designs	-	0.51	-	7.28	80.50
Fabric Finishing Charges	-	-	-	0.67	7.82
Machinery Repairs & Maintenance	3.46	37.40	5.79	15.12	2.97
	-	-	-	-	-
Fabric Job Charges	330.99	339.77	249.19	-	-
Designing Charges	9.02	0.65	1.27	4.17	2.10
Other Manufacturing & Operating Expenses	3.41	4.09	1.37	-	-
<b>Total (a)</b>	<b>749.01</b>	<b>715.25</b>	<b>588.71</b>	<b>259.72</b>	<b>343.86</b>
<b>b. Sales &amp; Distribution Expenses</b>					
Advertisement					
Sales Promotion Expenses	53.70	56.36	37.27	18.22	22.83
Transportation & Loading Expenses	-	-	-	-	-
Travelling Expenses	1.48	0.45	2.94	1.22	0.41
Transportation (Diesel & Maintenance of Truck)	7.47	4.96	4.82	0.25	-
<b>Total (b)</b>	<b>62.65</b>	<b>61.77</b>	<b>45.03</b>	<b>19.68</b>	<b>23.23</b>
<b>c. General &amp; Administration Expenses</b>					
Payment to Auditors	0.60	0.60	0.51	0.30	0.30
Rates & Taxes	2.00	1.77	-	-	-
Fabric Claim	37.72	40.89	6.43	26.00	4.34
Fabric Cash Discounts	31.63	45.93	12.49	8.40	9.95
Packing Expenses	-	6.19	12.27	6.79	5.62
Legal & Professional Expenses	1.23	0.28	7.27	0.58	1.01
Insurance	5.33	3.24	2.16	1.34	1.20
Printing & Stationery	1.42	1.17	0.90	0.77	0.22
Telephone Expenses	0.94	1.24	1.16	0.88	0.38
Preliminary Expenses W/Off	-	0.51	0.51	0.51	0.51
Exp on Scientific Research	-	-	-	-	15.00
General Administration Expenses	4.63	14.37	0.58	1.18	0.18
<b>Total (c)</b>	<b>85.50</b>	<b>116.19</b>	<b>44.27</b>	<b>46.76</b>	<b>38.70</b>
<b>Total (a+b+c)</b>	<b>897.16</b>	<b>893.22</b>	<b>678.01</b>	<b>326.16</b>	<b>405.80</b>



**ANNEXURE U**  
**RESTATED STATEMENT OF FINANCE COSTS**

*(Amounts in Lakhs)*

Particulars	As at, March 31				
	2018	2017	2016	2015	2014
Interest on Working Capital Facilities	266.65	365.06	321.52	192.88	164.26
Other Interest	134.45	144.79	20.64	22.55	8.48
Bank Charges	46.33	10.48	5.97	1.65	6.64
<b>Total</b>	<b>447.43</b>	<b>520.32</b>	<b>348.12</b>	<b>217.08</b>	<b>179.38</b>



**ANNEXURE VI**

**RESTATED STATEMENT OF RELATED PARTY TRANSACTION**

a) Names of the related parties with whom transactions were carried out during the years and description of relationship:

Sr. No.	Name of Related Party	Relationship
1	Rohit Toshniwal	Director
2	Sadhana Toshniwal	
3	Norat Mal Choudhary	
4	Prabha Lakhotia	
5	M/s Sahaj Marbles (Prop. Sadhana Toshniwal)	Entity significantly influenced by directors
6	M/s Parwati Trading Company (Prop. Norat Mal Choudhary)	
7	Rajendra Lakhotia	Relative of Director
8	Rakesh Choudhary	
9	Usha Choudhary	
10	Aruna Choudhary	
11	Mukul Lakhotia	Chief Financial Officer

**1. Transaction with Related Party**

(Amounts in Lakhs)

Sr. No	Nature of Transactions	As at, March 31				
		2018	2017	2016	2015	2014
<b>A</b>	<b>Transaction During the Year</b>					
	<b>Commission</b>					
	Sahaj Marbles	-	-	-	4.30	-
	Rohit Toshniwal	-	-	0.35	-	2.99
	Sadhana Toshniwal	-	-	5.22	-	2.54
	Rajendra Lakhotia	-	2.66	2.54	1.52	
	Rakesh Choudhary	3.02	-	-	-	-
	Usha Choudhary	1.96	-	-	-	-
	Aruna Choudhary	5.02	-	-	-	-
	<b>Salary</b>					
	Rohit Toshniwal	3.00	3.00	-	-	-
	Sadhana Toshniwal	3.00	3.00	-	-	-
	Prabha Lakhotia	3.00	3.00	-	-	-
	Rakesh Choudhary	3.00	3.00	2.40	-	-
	Aruna Choudhary	-	-	2.40	-	-
	<b>Interest</b>					
	Sadhana Toshniwal	45.05	-	-	-	-

**2. Transactions with Companies / Entities owned / significantly influenced by directors**

(Amounts in Lakhs)

Sr. No	Nature of Transactions	As at, March 31				
		2018	2017	2016	2015	2014
<b>A</b>	<b>Transaction During the Year</b>					
	<b>Interest</b>					
	M/s Parwati Trading Company	8.40	6.00	-	-	-
	M/s Sahaj Marbles	-	37.59	4.54	-	-



	<b>Sales</b>					
	Parwati Trading Company	-	-	39.08	11.59	-

**ANNEXURE VII  
RESTATED CAPITALISATION STATEMENT**

*(Amounts in Lakhs)*

<b>Particulars</b>	<b>Pre-Issue</b>	<b>Post-Issue *</b>
<b>Debt</b>		
Short Term Debt (Short Term Borrowings)	1,932.45	1932.45
Long Term Debt (Long Term Borrowings)	1,505.31	1505.31
<b>Total Debt</b>	<b>3,437.76</b>	<b>3437.76</b>
<b>Shareholders' Fund (Equity)</b>		
Share Capital	741.22	1008.22
Reserves & Surplus	570.92	1425.32
Less: Miscellaneous Expenses not w/off	-	-
<b>Total Shareholders' Fund (Equity)</b>	<b>1,312.14</b>	<b>2433.54</b>
Long Term Debt/Equity	<b>1.15</b>	<b>0.62</b>
<b>Total Debt/Equity</b>	<b>2.62</b>	<b>1.41</b>

**Notes:**

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.
3. The figures disclosed above are based on re stated statement of Assets and Liabilities of the Company as at 31.03.18.



**ANNEXURE VIII**

**RESTATED SUMMARY STATEMENT OF TAX SHELTERS**

(Amounts in Lakhs)

Particulars	For the Year Ended March 31,				
	2018	2017	2016	2015	2014
<b>Profit / (loss) before tax, as Restated (A)</b>	<b>439.20</b>	<b>99.38</b>	<b>70.91</b>	<b>45.28</b>	<b>26.40</b>
Long Term Capital Gain at special rate (A1)	-	-	-	-	-
Tax Rate - Statutory rate (B)	33.06%	33.06%	33.06%	30.90%	30.90%
Long Term Capital Gain at special rate (B1)	-	-	-	-	20.60%
Minimum Alternate Tax (MAT) (including applicable surcharge and education cess) (C)	20.39%	19.06%	19.06%	19.06%	19.06%
Tax thereon (including surcharge and education cess)					
Tax as per actual rate on profits (D= A*B)	145.21	32.86	23.45	13.99	8.16
Tax on long term capital gain as per section 112 (D1= A1*B1)	-	-	-	-	-
<b>Total Income Tax (D+D1)</b>	<b>145.21</b>	<b>32.86</b>	<b>23.45</b>	<b>13.99</b>	<b>8.16</b>
<b>Adjustments:</b>					
<b>Permanent Differences</b>					
Disallowance of Expenses under section 35(1)(Va)	-	-	-	-	-
Disallowance of Expenses under section 37(1)	-	-	-	-	-
Profit on Sale of Investments	-	-	-	-	-
Fine & penalty	-	-	-	-	-
Donations	-	-	-	-	-
Disallowance of Expenses under the Income Tax Act	-	-	-	-	-
<b>Total Permanent Differences (E)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Timing Differences</b>					
Difference between book depreciation and tax depreciation	(2.46)	(5.65)	(18.57)	(47.25)	0.00
Provision for retirement benefits	-	-	-	-	-
(Profit) / Loss on sale of fixed assets and write off of fixed assets	-	-	-	-	-
Expenses disallowable under section 35D	-	-	-	-	-
<b>Total Timing Differences (F)</b>	<b>(2.46)</b>	<b>(5.65)</b>	<b>(18.57)</b>	<b>(47.25)</b>	<b>0.00</b>
Total Adjustments (G= E+F)	(2.46)	(5.65)	(18.57)	(47.25)	0.00
Tax on Adjustments (H=G*B)	(0.81)	(1.87)	(6.14)	(14.60)	0.00
<b>Taxable Restated Profit (I=A+A1+G)</b>	<b>436.74</b>	<b>93.73</b>	<b>52.35</b>	<b>(1.97)</b>	<b>26.40</b>
<b>Calculated tax liability on taxable profits (J=I*B)</b>	<b>144.40</b>	<b>30.99</b>	<b>17.31</b>	<b>(0.61)</b>	<b>8.16</b>
Restated adjusted book profit under MAT (K)	439.20	99.38	70.91	45.28	26.40
MAT tax liability on restated profits (L=K*C)	89.54	18.94	13.51	8.63	5.03
<b>Tax liability higher of (J) and (L)</b>	<b>144.40</b>	<b>30.99</b>	<b>17.31</b>	<b>8.63</b>	<b>8.16</b>

**Notes:**

1. The permanent / timing differences have been computed based on the items considered in final / provisional return of income filed/to be filed for the tax year ending immediately after the respective accounting year as the accounting year followed is different from the tax year.
2. Statutory tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.



**ANNEXURE IX**  
**RESTATED SUMMARY STATEMENT OF ACCOUNTING RATIOS**

(Amounts in Lakhs)

	Particulars	As at, 31 March				
		2018	2017	2016	2015	2014
<b>A</b>	Net worth	1,312.14	1,018.34	923.42	546.94	296.90
<b>B</b>	Net profit/(loss) after tax, as restated	293.80	57.35	51.76	27.58	26.01
<b>C</b>	Number of shares outstanding at the end of the period/year	154,420	154,420	147,710	89,724	50,000
<b>D</b>	EPS based on Equity Shares outstanding at the end					
	Basic Earnings/(loss) Per Share (B/C)	190.26	37.14	35.04	30.74	52.02
	Diluted Earnings/(loss) Per Share (B/C)	190.26	37.14	35.04	30.74	52.02
<b>E</b>	Number of shares outstanding at the end of the period/year (considering issue of bonus shares)	7,257,740	7,257,740	6,942,370	4,217,028	2,350,000
<b>F</b>	EPS based on Weighted Average Equity Shares					
	Basic Earnings/(loss) Per Share (B/E)	4.05	0.79	0.75	0.65	1.11
	Diluted Earnings/(loss) Per Share (B/E)	4.05	0.79	0.75	0.65	1.11
<b>G</b>	Return on net worth (%) (B/A) (B/A)	22.39%	5.63%	5.61%	5.04%	8.76%
<b>H</b>	Net assets value per share as per Equity Shares outstanding at the end (A/C)	849.72	659.46	625.16	609.58	593.80
<b>I</b>	Net assets value per share as per Weighted Average Equity Shares (A/E)	18.08	14.03	13.30	12.97	12.63
<b>J</b>	Face value (in Rs.)	10.00	10.00	10.00	10.00	10.00

**Notes:**

1. The ratio has been computed as below:

$$\text{Basic earnings per share (Rs.)} = \frac{\text{Net Profit/Loss after Tax, as restated}}{\text{Weighted Average Number of Equity Shares Outstanding during the period}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit after Tax, as restated}}{\text{Net worth as restated at year/ period end}}$$

$$\text{Diluted earnings per share (Rs.)} = \frac{\text{Net Profit/Loss after Tax, as restated}}{\text{Weighted Average Number of Equity Shares Outstanding, adjusted for Potential Equity shares during the period/year}}$$



Net asset value per share (Rs.) =  $\frac{\text{Net Asset as restated}}{\text{Number of Equity shares outstanding as at period/year end}}$

Net asset value per share (considering issue of bonus share) (Rs.) =  $\frac{\text{Net Asset as restated}}{\text{Number of Equity shares outstanding as at period/year end (considering issue of bonus shares)}}$

- Earning per shares (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per share' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
- The amounts disclosed above are based on the Restated Summary Statements of the Group.

**ANNEXURE X  
RESTATED SUMMARY STATEMENT OF DIVIDEND**

*(Amount in Lakhs)*

Particulars	As at 31 March				
	2018	2017	2016	2015	2014
<b>Share capital</b>					
Equity Share Capital	15.44	15.44	14.77	8.97	5.00
<b>Dividend on equity shares</b>	NIL				
<b>Dividend in %</b>					
Interim Dividend					

**For M/S Patel Shah & Joshi**  
Chartered Accountants  
(Firm's Registration Number: 107768W)

**For and on behalf of Board of Directors**

**Jayant Mehta**  
(Partner)  
Membership No. 42630

**Norat Mal Choudhary**  
Managing Director  
DIN: 03558999

**Rohit Toshniwal**  
Director  
DIN: 03507310

**Place:** Rajasthan  
**Dated:** August 30, 2018

**Mukul Lakhota**  
Chief Financial Officer

**Nikita Daga**  
Company Secretary



## MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements as of and for the years ended March 31, 2018, 2017, 2016, 2015, and 2014 prepared in accordance with the Companies Act, 2013 and Companies Act, 1956 to the extent applicable and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in "Financial Statements" beginning on page 149.

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 our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and the SEBI ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors" and "Forward-Looking Statements" beginning on pages 19 and 18 respectively.

### BUSINESS OVERVIEW

Our Company was incorporated as Sahaj Fashions Private Limited under the provisions of the Companies Act, 1956 vide certificate of incorporation dated May 20, 2011 in Kishangarh, Rajasthan. Further, upon conversion into a Public Limited Company pursuant to Shareholders Resolution dated April 02, 2018, the name of our Company was changed to "Sahaj Fashions Limited" vide fresh Certificate of Incorporation dated April 17, 2018 having CIN: U17119RJ2011PLC035248 issued by the Registrar of Companies, Jaipur.

SAHAJ is an ISO 9001:2015 recognized company for its Quality management System and also an ISO 14001:2015 recognised company for its Environmental Management System. We are engaged in manufacturing of international standard fabric which is used for various purposes such as Garments, Home Furnishings, and Industrial Applications, etc. We have expertise in manufacturing of primarily cotton suiting fabric and cotton shirting fabric apart from polyester based and cotton-polyester blended fabrics. We also manufacture cotton yarn dyed fabrics which are almost always in demand by the garment manufacturing industry. At present our sales have penetrated our home state of Rajasthan as well as some other states like Gujarat, Maharashtra & Delhi.

### SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

In the opinion of the Board of Directors of our Company, no circumstances have arisen, since the date of the last financial statements disclosed in this Draft Prospectus i.e. March 31, 2018, any significant developments or any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months except as follows:

1. Allotment of Bonus Issue of Equity Shares in the ratio of 47 fresh Equity Shares for each existing Equity Share on August 28, 2018.
2. Incorporation of Sahaj Cottons Private Limited on May 11, 2018 as a wholly owned subsidiary of our company with paid up capital of Rs. 1,00,000.
3. Change in Designation of Mr. Norat Mal Choudhary from Executive Director to Managing Director w.e.f. August 13, 2018.
4. Appointment of the KMPs - Mr. Mukul Lakhota as the Chief Financial Officer and Ms. Nikita Daga as the Company Secretary & Compliance Officer w.e.f. July 17, 2018.
5. Change in Designation of Mr. Rohit Toshniwal from Executive Director to Chairman to the Board & Whole Time Director w.e.f. August 13, 2018.
6. Change in Designation of Mrs. Prabha Lakhota and Mrs. Sadhana Toshniwal from Executive Directors to Non-Executive Directors w.e.f. August 13, 2018.



7. Appointment of Mr. Ajay Jhanjhari and Mr. Shreya Garg as Non-Executive & Independent Director on July 17, 2018, 2018.

## SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “Risk Factor” beginning on page 19. Our results of operations and financial conditions are affected by numerous factors including the following:

- Increase in cost of material & manufacturing expenses;
- Our ability to attract and retain qualified personnel;
- Technology upgradation;
- Recovery of receivables;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Our ability to successfully implement our growth strategy;
- Our ability to meet our working capital requirements;
- Conflict of Interest with affiliated companies, the promoter group and other related parties; and
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies.
- Changes in government policies and regulatory actions that apply to or affect our business;

## DISCUSSION ON RESULT OF OPERATION

The following discussion on results of operations should be read in conjunction with the restated financial results of our Company for years ended March 31, 2018, 2017, 2016, 2015 and 2014.

### Overview of Revenue & Expenditure

#### Revenues

Our Company’s revenue is primarily generated from Sale of manufactured products and job work income: -  
(Rs. In Lakhs)

Particulars	As at March 31				
	2018	2017	2016	2015	2014
<b>Income</b>					
Revenue from Operations	11,110.51	8,335.05	6,262.59	3,799.15	3,235.96
Increase/Decrease in %	33.30	33.09	64.84	17.40	NA
Other Income	87.31	14.69	15.79	15.78	28.06
Increase/Decrease in %	494.42	(6.99)	0.08	(43.75)	NA
<b>Total Revenue</b>	<b>11,197.82</b>	<b>8,349.74</b>	<b>6,278.38</b>	<b>3,814.93</b>	<b>3,264.01</b>

The following is the Income mix in terms of value of total income of our Company from manufactured products.  
(Rs. In Lakhs)

Particulars	As at March 31				
	2018	2017	2016	2015	2014
<b>Revenue from Operations</b>					
Sale of Manufactured & Processed Goods	10,748.26	8,335.05	5,931.09	3,779.79	3,235.96
<b>Revenue from Other Operations</b>					
Job Work Income	362.25	-	331.50	19.36	-



<b>Total Revenue from Operations</b>	<b>11,110.51</b>	<b>8,335.05</b>	<b>6,262.59</b>	<b>3,799.15</b>	<b>3,235.96</b>
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The following is the Income mix in terms of percentage of total income of our Company from manufactured products.

Particulars	As at March 31				
	2018	2017	2016	2015	2014
<b>Revenue from Operations</b>					
Sale of Manufactured & Processed Goods	96.74%	100.00%	94.71%	99.49%	100.00%
<b>Revenue from Other Operations</b>					
Job Work Income	3.26%	0.00%	5.29%	0.51%	0.00%
<b>Total Revenue from Operations</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Other Income

Other operating revenue consists mainly of TUFS subsidy and Interest Income.

(Rs. In Lakhs)

Particulars	As at March 31				
	2018	2017	2016	2015	2014
Interest Income	3.54	5.82	5.99	7.99	21.80
Yarn & Spares Discounts	-	8.87	8.73	3.49	6.25
TUFS Subsidy	83.77	-	1.08	4.30	-
<b>Total Other Income</b>	<b>87.31</b>	<b>14.69</b>	<b>15.79</b>	<b>15.78</b>	<b>28.06</b>

The following is the other income mix in terms of percentage of other income of our Company for total other incomes:

Particulars	As at March 31				
	2018	2017	2016	2015	2014
Interest Income	4.06%	39.61%	37.92%	50.63%	77.71%
Yarn & Spares Discounts	0.00%	60.39%	55.26%	22.15%	22.29%
TUFS Subsidy	95.94%	0.00%	6.82%	27.22%	0.00%
<b>Total Other Income</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

The following table presents the details of our Company's trade receivables:

Particulars	As at March 31				
	2018	2017	2016	2015	2014
<b>Unsecured and Considered Good</b>					
Outstanding for a period not exceeding six months	4,019.78	2,665.48	2,037.00	797.65	733.24
As a % of total Trade receivables	99.24%	100.00%	99.39%	100.00%	99.82%
Outstanding for a period exceeding six months	30.73	-	12.49	-	1.33
As a % of total Trade receivables	0.76	0.00	0.61	0.00	0.18
Less: Provision for doubtful debts	-	-	-	-	-
As a % of total Trade receivables	-	-	-	-	-
<b>Total Trade receivables</b>	<b>4050.51</b>	<b>2665.48</b>	<b>2049.49</b>	<b>797.65</b>	<b>734.56</b>
Avg. Trade receivables	3357.99	2357.49	1423.57	766.11	NA



Trade receivables Turnover Ratio	2.74	3.13	3.06	4.76	4.41
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### Expenditure

Our total expenditure primarily consists of (i) Cost of material consumed and change in inventories (ii) Purchase of Stock-in-Trade (ii) Employee Benefit Expenses (iii) Finance Costs (iv) Depreciation and (v) Other Expenses including Manufacturing Expenses such as power, labour, etc.

The following table sets forth our expenditure in Rupees and as a percentage of our total revenue for the periods indicated:

(Rs. in Lakhs)

Particulars	For the Year Ended March 31,				
	2018	2017	2016	2015	2014
<b>INCOME</b>					
Revenue from Operations					
Revenue from Operations (Net)	11,110.51	8,335.05	6,262.59	3,799.15	3,235.96
Increase/Decrease in %	33.30	33.09	64.84	17.40	NA
Other Income	87.31	14.69	15.79	15.78	28.06
Increase/Decrease in %	494.42	(6.99)	0.08	(43.75)	NA
<b>Total Revenue</b>	<b>11,197.82</b>	<b>8,349.74</b>	<b>6,278.38</b>	<b>3,814.93</b>	<b>3,264.01</b>
<b>EXPENDITURE</b>					
Purchases including change in Inventories	9,008.01	6,454.58	4,774.12	3,018.85	2,450.03
As a % of Total Revenue	80.44	77.30	76.04	79.13	75.06
Employee Benefits Expense	209.20	161.97	166.29	94.29	84.57
As a % of Total Revenue	1.87	1.94	2.65	2.47	2.59
Finance Cost	447.43	520.32	348.12	217.08	179.38
As a % of Total Revenue	4.00	6.23	5.54	5.69	5.50
Depreciation and Amortisation Expenses	196.83	220.25	240.92	113.27	117.83
As a % of Total Revenue	1.76	2.64	3.84	2.97	3.61
Other Expenses	897.16	893.22	678.01	326.16	405.80
As a % of Total Revenue	8.01	10.70	10.80	8.55	12.43
<b>Total Expenditure</b>	<b>10,758.63</b>	<b>8,250.35</b>	<b>6,207.46</b>	<b>3,769.65</b>	<b>3,237.61</b>
As a % of Total Revenue	96.08	98.81	98.87	98.81	99.19
<b>Profit Before Exceptional &amp; Extraordinary items and tax</b>	<b>439.19</b>	<b>99.39</b>	<b>70.92</b>	<b>45.28</b>	<b>26.40</b>
As a % of Total Revenue	3.92	1.19	1.13	1.19	0.81
Exceptional Items	0.00	0.00	0.00	0.00	0.00
As a % of Total Revenue	0.00	0.00	0.00	0.00	0.00
Extraordinary Items	0.00	0.00	0.00	0.00	0.00
As a % of Total Revenue	0.00	0.00	0.00	0.00	0.00
<b>Profit before tax</b>	<b>439.19</b>	<b>99.39</b>	<b>70.92</b>	<b>45.28</b>	<b>26.40</b>
PBT Margin (in %)	3.95	1.19	1.13	1.19	0.82
Tax expense :					
(i) Current Tax	144.58	22.60	14.21	9.38	5.43
(ii) Tax adjustment of prior years	0.00	3.25	0.00	0.00	0.00
(iii) Deferred Tax Liability / (Asset)	0.81	1.75	5.74	16.95	0.00



(iv) MAT Credit Entitlement	0.00	14.45	(0.79)	(8.63)	(5.03)
<b>Total Tax Expenses</b>	<b>145.40</b>	<b>42.04</b>	<b>19.16</b>	<b>17.70</b>	<b>0.39</b>
As a % of Total Revenue	1.30	0.50	0.31	0.46	0.01
<b>Profit for the year</b>	<b>293.80</b>	<b>57.35</b>	<b>51.76</b>	<b>27.58</b>	<b>26.01</b>
PAT Margin (in %)	2.64	0.69	0.83	0.73	0.80

### Other Key Ratios

Particulars	Financial year ending March 31 <sup>st</sup> ,		
	2018	2017	2016
Fixed Asset Turnover Ratio	7.67	5.15	3.48
Debt Equity Ratio	0.33	0.52	1.05
Current Ratio	1.22	1.23	1.15
Inventory Turnover Ratio	5.72	5.67	4.84

Notes:

**Fixed Asset Turnover Ratio:** This is defined as revenue from operations divided by total fixed assets, based on Restated Financial Information.

**Debt Equity Ratio:** This is defined as total debt divided by total shareholder funds. Total debt is the sum of long-term borrowings, Other Long-term liabilities, short-term borrowings and current maturity of long term debt, based on Restated Financial Information.

**Current Ratio:** This is defined as current assets divided by current liabilities excluding current maturity of long term debt, based on Restated Financial Information.

**Inventory Turnover Ratio:** This is defined as revenue from operations divided by average inventory. Average inventory is computed by dividing the sum of opening inventory and closing inventory by two, based on Restated Financial Information.

### **FISCAL YEAR ENDED MARCH 31, 2018 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2017**

#### **Income**

Total revenue increased by Rs. 2,848.08 Lakhs i.e. 34.11% from Rs. 8,349.74 Lakhs in the fiscal year ended March 31, 2017 to Rs. 11,197.82 Lakhs in the fiscal year ended March 31, 2018. The revenue has increased mainly due to more efficient utilization of installed capacity and favourable market conditions.

#### **Purchases including change in Inventories**

The purchases including change in Inventories increased by Rs. 2,553.43 Lakhs i.e. 39.56% from Rs. 6,454.58 Lakhs in the fiscal year ended March 31, 2017 to Rs. 9,008.01 Lakhs in the fiscal year ended March 31, 2018. Purchases including change in Inventories has increased due to increased production reflecting growth in revenue.

#### **Employee Benefit Expenses**

Employee Benefit Expenses increased by Rs. 47.23 Lakhs i.e. 29.16% from Rs. 161.97 Lakhs in the fiscal year ended March 31, 2017 to Rs. 209.20 Lakhs in the fiscal year ended March 31, 2018. Overall employee cost has increased due to increase in employees' salaries & wages paid, contribution towards various funds and expenses incurred for staff welfare including recruitment expenses.



## **Finance Costs**

Finance Costs decreased by Rs. 72.89 Lakhs i.e. 14.01 % from Rs. 520.32 Lakhs in the fiscal year ended March 31, 2017 to Rs. 447.43 Lakhs in the fiscal year ended March 31, 2018. Finance Costs has decreased mainly due to lesser interest paid on unsecured loans & term loans.

## **Depreciation**

Depreciation decreased by Rs. 23.43 Lakhs i.e. 10.64% from Rs. 220.25 Lakhs in the fiscal year ended March 31, 2017 to Rs. 196.83 Lakhs in the fiscal year ended March 31, 2018.

## **Other Expenses**

Other Expenses including manufacturing expenses increased by Rs. 3.94 Lakhs i.e. 0.44 % from Rs. 893.22 Lakhs in the fiscal year ended March 31, 2017 to Rs. 897.16 Lakhs in the fiscal year ended March 31, 2018. Other Expenses have increased marginally.

## **Total Expenditure**

Total Expenditure increased by Rs. 2,508.28 Lakhs i.e. 30.40%, from Rs. 8,250.35 Lakhs in the fiscal year ended March 31, 2017 to Rs. 10,758.63 Lakhs in the fiscal year ended March 31, 2018. Overall expenditure has increased mainly due to increased business activities leading to growth in revenues.

## **Net Profit after Tax**

Net Profit has increased by Rs. 236.45 Lakhs i.e. 412.29 % from Rs. 57.35 Lakhs in the fiscal year ended March 31, 2017 to profit of Rs. 293.80 Lakhs in the fiscal year ended March 31, 2018. Net profit after tax has increased due to increase in overall income of the Company.

## **FISCAL YEAR ENDED MARCH 31, 2017 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2016**

### **Income**

Total revenue increased by Rs. 2,071.36 Lakhs i.e. 32.99% from Rs. 6,278.38 Lakhs in the fiscal year ended March 31, 2016 to Rs. 8,349.74 Lakhs in the fiscal year ended March 31, 2017. The revenue has increased due to increase in sales of manufactured products.

### **Purchases including change in Inventories**

Purchases including change in Inventories increased by Rs. 1,680.46 Lakhs i.e. 35.20% from Rs. 4,774.12 Lakhs in the fiscal year ended March 31, 2016 to Rs. 6,454.58 Lakhs in the fiscal year ended March 31, 2017. Purchases including change in Inventories has increased due to increased production reflecting growth in revenue.

### **Employee Benefit Expenses**

Employee Benefit Expenses decreased by Rs. 4.32 Lakhs i.e. 2.60% from Rs. 166.29 Lakhs in the fiscal year ended March 31, 2016 to Rs. 161.97 Lakhs in the fiscal year ended March 31, 2017. Overall employee cost has decreased by a low percentage due to decrease in salaries & wages paid and expenses incurred for staff welfare.

### **Finance Costs**

Finance Costs increased by Rs. 172.20 Lakhs i.e. 49.47 % from Rs. 348.12 Lakhs in the fiscal year ended March 31, 2016 to Rs. 520.32 Lakhs in the fiscal year ended March 31, 2017. Finance Costs has increased due to increase in Interest paid on Unsecured & other loans taken by the Company in normal course of business.

### **Depreciation**

Depreciation in terms of value decreased by Rs. 20.67 Lakhs i.e. 8.58% from Rs. 240.92 Lakhs in the fiscal year ended March 31, 2016 to Rs. 220.25 Lakhs in the fiscal year ended March 31, 2017. Decrease in depreciation is due to normal business course.



### **Other Expenses**

Other Expenses increased by Rs. 215.21 Lakhs i.e. 31.74 % from Rs. 678.01 Lakhs in the fiscal year ended March 31, 2016 to Rs. 893.22 Lakhs in the fiscal year ended March 31, 2017. Other Expenses have increased due to increase in expenses incurred for overall business activities.

### **Total Expenditure**

Total Expenditure increased by Rs. 2,042.89 Lakhs i.e. 32.91%, from Rs. 6,207.46 Lakhs in the fiscal year ended March 31, 2016 to Rs. 8,250.35 Lakhs in the fiscal year ended March 31, 2017. Overall expenditure has increased mainly due to increase in overall business activities and business growth.

### **Net Profit after Tax**

Net Profit has increased by Rs. 5.59 Lakhs i.e. 10.79 % from profit of Rs 51.76 Lakhs in the fiscal year ended March 31, 2016 to profit of Rs. 57.35 Lakhs in the fiscal year ended March 31, 2017. Net profit after tax has increased mainly due to increase in revenue from operations.

## **FISCAL YEAR ENDED MARCH 31, 2016 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2015**

### **Income**

Total revenue increased by Rs. 2,463.45 Lakhs i.e. 64.57% %, from Rs. 3,814.93 Lakhs in the fiscal year ended March 31, 2015 to Rs. 6,278.38 Lakhs in the fiscal year ended March 31, 2016. The revenue has increased due to increase in manufacturing activities and consequent sales.

### **Purchases including change in Inventories**

The Purchases including change in Inventories increased by Rs. 1,755.27 Lakhs i.e. 58.14% % from Rs. 3,018.85 Lakhs in the fiscal year ended March 31, 2015 to Rs. 4,774.12 Lakhs in the fiscal year ended March 31, 2016. Purchase of raw materials and stock in trade and change in Inventories have increased due to higher purchase of raw material.

### **Employee Benefit Expenses**

Employee benefit expenses increased by Rs. 72.00 Lakhs i.e. 76.36 % from Rs. 94.29 Lakhs in the fiscal year ended March 31, 2015 to Rs. 166.29 Lakhs in the fiscal year ended March 31, 2016. Overall employee cost has increased due to increase in employees' salaries, bonus & wages paid in line with increase in no. of employees, Directors remuneration.

### **Finance Costs**

Finance Costs increased by Rs. 131.04 Lakhs i.e. 60.37 % from Rs. 217.08 Lakhs in the fiscal year ended March 31, 2015 to Rs. 348.12 Lakhs in the fiscal year ended March 31, 2016. Finance Costs has increased due to increase in interest paid on working capital facilities and on other borrowings made by the Company.

### **Depreciation**

Depreciation in terms of value increased by 127.65 Lakhs i.e. 112.69 % from Rs. 113.27 Lakhs in the fiscal year ended March 31, 2015 to Rs. 240.92 Lakhs in the fiscal year ended March 31, 2016. Increase in depreciation due to addition of assets in the Company.

### **Other Expenses**

Other Expenses increased by Rs. 351.85 Lakhs i.e. 107.88 % from Rs. 326.16 Lakhs in the fiscal year ended March 31, 2015 to Rs. 678.01 Lakhs in the fiscal year ended March 31, 2016. Other Expenses have increased due to increase in overall business activities.



## **Total Expenditure**

Total Expenditure increased by Rs. 2,437.81 Lakhs i.e. 64.67 %, from Rs. 3,769.65 Lakhs in the fiscal year ended March 31, 2015 to Rs. 6,207.46 Lakhs in the fiscal year ended March 31, 2016. Overall expenditure has increased mainly due to increase in purchase raw material, employee benefit expenses, higher finance cost and other expenses.

## **Net Profit after Tax**

Net Profit has increased by Rs. 24.18 Lakhs i.e. 87.69 % from Rs. 27.58 in the fiscal year ended March 31, 2015 to Rs. 51.76 Lakhs in the fiscal year ended March 31, 2016. Net profit has increased due to increase in sale of manufactured products.

## **OTHER MATTERS**

### **1. Unusual or infrequent events or transactions**

Except as described in this Draft Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

### **2. Significant economic changes that materially affected or are likely to affect income from continuing operations**

Other than as described in the section titled *Risk Factors* beginning on page 19, to our knowledge there are no known significant economic changes that materially affected or are likely to affect income from continuing operations.

### **3. Known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations**

Other than as described in the section titled *Risk Factors* beginning on page 19, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

### **4. Future relationship between Costs and Income**

Our Company's future costs and revenues will be determined by multiple factors such as industry preferences, economic activity, government policies and demand of our products.

### **5. The extent to which material increase/decrease in net revenue are due to increase/decrease in sale of our products.**

Increase/Decrease in revenues are by and large linked to increase/decrease in volume of business activities carried out by the Company.

### **6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is operating in Textile Industry and relevant industry data, as available, has been included in the chapter titled "*Our Industry*" beginning on page 81.

### **7. Status of any publicly announced new products or business segments**

Our Company has not announced any new products or segment, other than through this Draft Prospectus.

### **8. The extent to which the business is seasonal**

Our Company business is not seasonal in nature.

### **9. Any significant dependence on a single or few clients.**

Our business may be called as dependent on few clients. For further details please refer chapter titled *Risk Factors* beginning on page 19.



## **10. Competitive Conditions**

We face competition from existing and potential competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled *Our Business* on page 96.



## FINANCIAL INDEBTEDNESS

Our Company avails loans and bank facilities in the ordinary course of its business. As on date such loans are primarily for working capital requirements. Our Company has obtained necessary consents required under relevant loan documentations for undertaking the Issue including for change in its capital structure, shareholding pattern and amendment to its constitutional documents.

Pursuant to a resolution dated August 20, 2018 passed by our shareholders, our Board has been authorized to borrow any sum or sums of monies for and on behalf of our Company, from time to time provided that the sum or sums of monies so borrowed together with monies, if any, already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves provided further that the total amount up to which the monies may be borrowed shall not exceed Rs. 100 crores at any point of time.

### FINANCIAL INDEBTEDNESS OF OUR COMPANY

The Details of Financial Indebtedness of our Company as at March 31, 2018 from HDFC Bank is provided below:

#### 1. Bank Facilities

Particulars			
Date of Creation of Charge	October 24, 2017		
Charge Holder	HDFC Bank Limited, HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai-400013, Maharashtra, India		
Type of Facility	Cash Credit		
Purpose	Working Capital Facility for Business Purpose Only		
Amount Proposed	Rs. 34.05 crore		
Amount (Rs. in Crore) & Rate of Interest breakup	Cash Credit	20.00	8.85 (MCLR+0.70)
	BBG-WC Term Loan	6.91	
	BBG-WC Term Loan	1.51	
	BBG-WC Term Loan	0.82	
	DRUL	4.50	MCLR
	Bank Guarantee	0.31	Commission @ 1.25%
	<b>Total</b>	<b>34.05</b>	
Interest Reset	Interest rate and other charges are subject to change from time to time.		
Period of Sanction	Cash Credit	Valid upto October 20, 2018	
	BBG-WC Term Loan	77 months installments	
	BBG-WC Term Loan	15 months installments	
	BBG-WC Term Loan	77 months installments	
	DRUL	Valid upto October 20, 2018	
	Bank Guarantee	9 years	
	Other Terms	1. The book debts statement will not include receivables from affiliates of the borrower (including subsidiaries and employees).	



	<p>2. Limits are reset on the basis of DP every month and there will be no separate intimation on the same.</p> <p>3. Stipulated margin is maintained on stage to stage basis.</p>
Primary Security	Stocks and Book Debts

**Following are the Collateral Security for the above Credit Facilities:**

Hypothecation on Assets	Hypothecation on the following Assets of the Company namely: Stock in Trade, all the Debts, Movable Plant & Machinery, Vehicles and other Fixed Assets.		
Property	<b>Equitable Mortgage of following Properties:</b>		
	<b>Sr. No.</b>	<b>Particular</b>	
	1	Address	Khasra no. 1474, Kalyan Shree Industrial Estate, Nasirabad, Kishangarh Four Lane Road, Ajmer, Rajasthan
		Owned by	Sahaj Fashions Limited
		Nature of property	Industrial
	2	Address	E-252, RIICO Industrial Area, Kishangarh, Rajasthan
		Owned by	Sahaj Marbles (Prop. Sadhana R Toshniwal)
		Nature of property	Industrial
	3	Address	Khasra No. 1629, 1648/7770, 1674/7769, Kalyan Shree Industrial Estate, Nisarabad - Kishangarh, Rajasthan
		Owned by	Sahaj Fashions Limited
		Nature of property	Industrial
	4	Address	Plot at Chuna Bhatta, Sumerganj, Maidanganj, Kishangarh, Rajasthan
		Owned	Usha Fabrics (Prop. Usha Rani Choudhary)
		Nature of Property	Residential
	5	Address	Plot no.8, Sector no.2, Araji no.78/7, Tilak Nagar, Maidanganj, Kishangarh, Rajasthan
		Owned	Rakesh Choudhary
		Nature of Property	Residential
	6	Address	Plot no.7, Sector no.2, Araji no.78/7, Tilak Nagar, Maidanganj, Kishangarh, Rajasthan
		Owned	Rakesh Choudhary
		Nature of Property	Residential
	7	Address	Plot no.5, Sector no.2, Araji no.78/7, Tilak Nagar, Maidanganj, Kishangarh, Rajasthan
		Owned	Rohit Toshniwal
		Nature of Property	Residential



	8	Address	Plot no.4, Sector no.6, Araji no.494, Tilak Nagar, Maidanganj, Kishangarh, Rajasthan
		Owned	Nitin Toshniwal
		Nature of Property	Residential
	9	Address	Plot no.3, Sector no.6, Araji no.494, Tilak Nagar, Maidanganj, Kishangarh, Rajasthan
		Owned	Nitin Toshniwal
		Nature of Property	Residential
	10	Address	Plot no.2, Sector no.6, Araji no.494, Tilak Nagar, Maidanganj, Kishangarh, Rajasthan
		Owned	Norat Mal Choudhary
		Nature of Property	Residential
	11	Address	Plot no.1, Sector no.6, Araji no.494, Tilak Nagar, Maidanganj, Kishangarh, Rajasthan
		Owned	Norat Mal Choudhary
		Nature of Property	Residential
	12	Address	Plot no.4, Araji no.952, Pandit Fateh Lal Nagar Colony, Maidanganj, Kishangarh, Rajasthan
		Owned	Nitin Toshniwal
		Nature of Property	Residential
13	Address	Plot situated at Subhash Colony, Maidanganj, Kishangarh, Rajasthan	
	Owned	Prabha Lakhotia	
	Nature of Property	Residential	
Any Other Security	NA		

**Following are the personal guarantors for the above Credit Facilities:**

Sr. No.	Name of the Guarantor	Relationship with the Company
1	Rohit Toshniwal	Chairman & Executive Director
2	Sadhana Toshniwal	Non-Executive Director
3	Norat Mal Choudhary	Managing & Executive Director
4	Prabha Lakhotia	Non-Executive Director
5	Rakesh Choudhary	Relative of Directors
6	Usha Choudhary	Relative of Directors
7	Nitin Toshniwal	Relative of Directors
8	Usha Fabrics	Group Entity
9	Sahaj Marbles	Group Entity

Note: The Company shall not pay any guarantee commission to the guarantors.

### Other Terms & Conditions:

Validity of Sanction	30 days
Review/Renewal	Without prejudice to the demand nature of advance(s), the/these credit facility(ies) will remain in force for a period of one year and is/are subject to Annual Review.
Penal Interest Rate	<p>(a) Penal interest for exceeding the applicable facility sublimit –18% p.a. on such amount from the date on which borrower exceeds the applicable facility sublimit.</p> <p>(b) Penal interest for failure to submit no charge/no dues/satisfaction of charge certificate from existing Bank in case of takeover of facilities within 15 days of first disbursement – additional 2% on outstanding amount.</p> <p>(c) Penal interest in case of failed Takeover – 1% of total limits sanctioned as foreclosure charge.</p> <p>(d) Penal interest for delay in submitting documents for renewal– additional 2% on outstanding amount.</p> <p>(e) Penal interest in case facilities are taken over by another bank during tenor of the loan- 2% of total sanctioned (principal outstanding as on the date)</p> <p>(f) Penal interest rate on overdue/delays/default of any monies payable- 18% p.a. on such delays/overdue /default of any monies payable.</p> <p>(g) Penal interest for non-submission of Stock Statement on monthly basis- additional interest of 2% till receipt of the same.</p>
Insurance	The Borrower shall also maintain adequate insurance on stocks (including any changed or added premises, if any) which are customarily insured with the name of bank as loss payee in all such policies and deliver to the bank evidence of the sale.
Prepayment Charges	<p>Foreclosure charges:</p> <ul style="list-style-type: none"> <li>• Nil for CC limit</li> <li>• 1% for Term Loan (if closed within 2 year)</li> </ul>

### Other Covenants of the Agreement:

1. Banks based on the representations made by the Borrower and the furnishing of the Financial Statement by the borrower has extended the abovementioned credit facilities. The commitment to the proposed facilities subject to:
  - a) Guarantors not to issue any personal guarantee for any other loan without the prior permission of HDFC Bank except for Car loan, Personal loans, Home loans. Education loans to be obtained for self and family members only.
  - b) Borrower shall not have any account with other Banks/Financial Institutions (for sole banking)
  - c) Borrower shall not divert any funds to any purpose or launch any new scheme of expansion without prior permission of HDFC Bank.
2. Borrower is required to submit bank statement of other banks in the multiple banking arrangement/consortium alongwith stock and book debts statements every month (for multiple banking arrangement/consortium).
3. Laminated documents will not be accepted, borrower has to delaminate at his own expenses prior to loan disbursals or carry out forensic test of the document by the bank identified vendor. However please note bank reserve the right to accept the document based on the forensic report.
4. All documents evidencing “documents of title to immovable property” must be originals only. Bank reserves the right to accept certified true copy of “documents of title to immovable property”.
5. Bank will have right to review its facilities in case of any change in the ownership of the borrower’s enterprise. The borrower to immediately inform HDFC Bank with regard to changes in the shareholding pattern, if any.
6. The borrower shall not transfer, sell, lease, grant on license or create any third party interest of any nature whatsoever on the security without the prior written consent of the bank.



7. The borrower has to ensure that the stock is stored in the premises as disclosed to HDFC Bank and such premises to be adequately insured.
8. In case of takeover of facilities
  - a) Failure to comply with the takeover formalities in respect of facilities including creation and perfection of security in favour of the bank will constitute an event of default under the facility document executed by borrower with the bank and the bank shall be entitled to exercise all the rights available on the occurrence of an event of default, including without limitation right to recall/withdraw the facilities to take steps (such as legal proceedings, enforcement of securities etc.) to recover the amounts disbursed under the facilities
  - b) The borrower to submit no charge/no dues/satisfaction of charge certificate from the existing bank within 15 days of the first disbursement.
9. In the event of any change/addition in the premises where the stocks are stored the borrower shall provide prior information to HDFC Bank through a written communication to the concern Relationship Manager/Branch.
10. Bank reserves an unconditional right to cancel the undrawn/unused/unavailed portion of the loan/facility sanctioned at any time during the currency of loan/facility, without any prior notice to the borrower.

Our Company had of Rs. 386.44 Lakhs as on July 31, 2018 towards unsecured loan outstanding from its Directors, Promoter Group and Group Entities.

The details of unsecured loans from Individuals, Directors, Promoter Group and Group Entities are as under:

Sr. No.	Name of Lenders	Interest Rate (%)	Repayment	Amount (In Lakhs)
1	Prabha Lakhotia	NIL	On Demand	12.63
2	Rohit Toshniwal	18.00%	On Demand	4.70
3	Sadhana Toshniwal	16.83%	On Demand	322.19
4	Norat Mal Choudhary	18.00%	On Demand	46.92
	<b>Total</b>			<b>386.44</b>

Our Company had of Rs. 205.08 Lakhs as on July 31, 2018 towards unsecured loan from Bank, NBFC and other Corporate Bodies.

The details of unsecured loan from Bank, NBFC and other Corporate Bodies are as under:

Sr. No.	Name of Lenders	Interest Rate (%)	Repayment	Sanctioned Amount (Rs. in Lakhs)	Amount (Rs. in Lakhs)
1	Loan Capital First Limited	7.94*	36 Equal Monthly Installment**	50.00	38.66
2	Loan ICICI Bank	15.50	36 Equal Monthly Installment	30.00	22.29
3	Loans Bajaj Finance Limited	17.00	24 Equal Monthly Installment	35.00	20.41
4	Loan Tata Capital Financial Services Ltd.	16.50	36 Equal Monthly Installment	40.00	28.33
5	Kampa Consultancy Pvt. Ltd.	15.00	On Demand	N.A.	2.50
6	HDK International Pvt Ltd.	12.00	On Demand	N.A.	92.89
	<b>Total</b>				<b>205.08</b>

\*This interest rate is used to calculate the monthly repayment amount. The above rate of interest translates to a reducing rate of 18.25% p.a.

\*\*Installments vary on yearly basis.



## SECTION VI – LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there is no outstanding (i) criminal litigation involving our Company, Subsidiary Company, Directors, Promoters or Group Companies; (ii) action by statutory or regulatory authorities involving our Company, Subsidiary Company, Directors, Promoters or Group Companies; or (iii) claim involving our Company, Subsidiary Company, Directors, Promoters or Group Companies for any direct or indirect tax liabilities.*

*Further, except as stated in this section, there are no (i) outstanding proceedings initiated for economic offences against our Company; (ii) pending defaults or non-payment of statutory dues by our Company; (iii) material fraud against our Company in the last five years immediately preceding this Draft Prospectus; (iv) inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company or Subsidiary Company during the last five years immediately preceding the year of this draft Prospectus; (v) prosecutions filed (whether pending or not); compounding of offences or fines imposed under the Companies Act against our Company and its Subsidiary Company, in the last five years immediately preceding the year of this Draft Prospectus; (vi) litigation or legal action, pending or taken, against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding this Draft Prospectus; (vii) other pending litigations involving our Company, Subsidiary Company, Directors, Promoters, Group Companies or any other person, as determined to be material by our Board of Directors, in accordance with the SEBI Regulations; or (viii) outstanding dues to creditors of our Company as determined to be material by our Board of Directors, in accordance with the SEBI Regulations; and (ix) outstanding dues to small scale undertaking and other creditors; and (x) over-dues or defaults to banks or financial institutions by our Company.*

*No proceedings have been initiated against our Company for economic offences and except as disclosed no penalties have been imposed upon our Company or our Subsidiary Company and Directors by Statutory or Regulatory Authorities.*

### **I. LITIGATION INVOLVING OUR COMPANY**

#### **A. Outstanding Criminal Litigation involving Our Company**

##### ***Criminal proceedings against Our Company***

There are no outstanding criminal proceedings against our Company.

##### ***Criminal proceedings by Our Company***

There are no outstanding criminal proceedings by our Company.

##### ***Civil proceedings against Our Company***

There are no outstanding civil proceedings against our Company.

##### ***Civil proceedings by Our Company***

There are no outstanding civil proceedings by our Company.

#### **B. Pending Action by statutory or regulatory authorities against Our Company.**

There are no pending actions by statutory or regulatory authorities against our Company.

#### **C. Tax proceedings against our Company.**

There are no direct and indirect taxation proceedings pending against our Company.

#### **D. Proceedings initiated against Our Company for economic offences**

There are no proceedings initiated against our Company for economic offences.



**E. Default and non-payment of statutory dues etc. by Our Company**

There is no default or non-payment of statutory dues etc. by our Company.

**F. Acts of material fraud committed against Our Company in the last five years preceding the date of this Draft Prospectus (including action taken by our Company, if so)**

There have been no acts of material fraud committed against our Company in the last five years preceding the date of this Draft Prospectus.

**G. Inquiry, inspections or investigations initiated or conducted under the Companies Act in the last five years, prosecutions filed (whether pending or not), fines imposed or compounding of offences done in the last five years preceding the date of this Draft Prospectus against our Company**

There have been no such inquiry, inspections or investigations under the Companies Act against our Company in the last five years preceding the date of this Draft Prospectus.

**H. Outstanding dues to small scale undertakings**

There are no outstanding dues to small scale undertakings as on the date of this Draft Prospectus.

**I. Outstanding litigation against any other persons or companies whose outcome could have an adverse effect on Our Company**

There is no such outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company.

**II. LITIGATION INVOLVING OUR PROMOTERS**

**1. Outstanding criminal litigation involving our Promoters**

*Criminal proceedings against our Promoters*

NIL

*Criminal proceedings by our Promoters*

NIL

**2. Material outstanding litigation involving our Promoters**

*Civil proceedings against our Promoters*

NIL

*Civil proceedings by our Promoters*

NIL

**3. Tax proceedings against our Promoter:**

**Mr. NORAT MAL CHOUDHARY**

An amount of Rs. 1690 is outstanding in respect of Income Tax Demand as on August 07, 2018.

**Mr. ROHIT TOSHNIWAL**

Mr. Rohit Toshniwal, Promoter, Chairman & Whole-Time Director of our company received a notice dated June 08, 2018 under section 143(1)(a) of the Income Tax Act, 1961 in regards to his return filed for the AY 2017-18.



**4. Pending action by statutory or regulatory authorities against our Promoters.**

There are no pending actions by statutory or regulatory authorities against our Promoters.

**5. Litigation or legal action by the Government of India or any statutory authority in last five years**

There is no litigation or legal action pending or taken by a ministry, department of the government or statutory authority during the last five years preceding the date of this Draft Prospectus against our Promoters and no direction has been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

**III. LITIGATION INVOLVING OUR DIRECTORS OTHER THAN PROMOTERS**

**1. Outstanding criminal litigation involving our Directors other than promoters**

*Criminal proceedings against our Directors other than promoters*

NIL

*Criminal proceedings by our Directors other than promoters*

NIL

**2. Material outstanding litigation involving our Directors other than promoters**

*Civil proceedings against our Directors other than promoters*

NIL

*Civil proceedings by our Directors other than promoters*

NIL

**3. Tax proceedings against our Directors other than promoters:**

**Mrs. SADHANA TOSHNIWAL**

Mrs. Sadhana Toshniwal, Non-Executive Director of our company received a notice dated August 16, 2017 under section 143(2) of the Income Tax Act, 1961 in regards to her return filed for the AY 2016-17.

**4. Pending action by statutory or regulatory authorities against our Directors other than promoters**

There are no pending actions by statutory or regulatory authorities against our Directors other than promoters.

**IV. LITIGATION INVOLVING OUR GROUP COMPANIES**

**1. Outstanding criminal litigation involving our Group Companies**

*Criminal proceedings against our Group Companies*

NIL

*Criminal proceedings by our Group Companies*

NIL

**2. Material outstanding litigation involving our Group Companies**

*Civil proceedings against our Group Companies*

NIL



*Civil proceedings by our Group Companies*

NIL

**3. Tax proceedings against our Group Companies:**

NA

**4. Pending action by statutory or regulatory authorities against our Group Companies**

As on the date of this Draft Prospectus, there are no pending actions by statutory or regulatory authorities against our Group Companies.

## **MATERIAL DEVELOPMENTS**

Except as stated in the chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on page 181, no material developments have taken place after March 31, 2018, the date of the latest financials, that would materially adversely affect the performance of the Company. In accordance with SEBI requirements, our Company and the Lead Manager shall ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.

We certify that except as stated herein above:

- a. There are no pending proceedings for offences for non-payment of statutory dues by the promoters of the Company.
- b. There are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- c. There are no pending litigation against the Promoters/ Directors in their personal capacities and also involving violation of statutory regulations or criminal offences except as mentioned above.
- d. There are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the Promoters.
- e. There are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- f. There are no litigations against the Promoters / Directors in their personal capacity.
- g. The Company, its Promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor has any disciplinary action been taken by SEBI.
- h. As on March 31, 2018, our company owed a sum of Rs. 1,367.82 lakhs to a total number of 50 Creditors each of whom is a creditor for over Rs. 1,00,000 and is outstanding for more than 30 days as certified by the management of Our Company.



## GOVERNMENT AND OTHER STATUTORY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, and no further approvals are required for carrying on our present business or to undertake the Issue. Unless otherwise stated, these approvals are all valid as on the date of this Prospectus.

### I. APPROVALS FOR THE ISSUE

For the approvals and authorizations obtained by our Company in relation to the Issue, see “Other Regulatory and Statutory Disclosures” on page 203.

### II. INCORPORATION DETAILS

1. Corporate Identity Number: U17119RJ2011PLC035248.
2. Certificate of Incorporation dated May 20, 2011 issued by the Registrar of Companies, Rajasthan.
3. Fresh Certificate of Incorporation dated April 17, 2018 issued by the Registrar of Companies, Rajasthan, pursuant to approval from shareholders on April 2, 2018 consequent upon conversion into public limited company.

### III. APPROVALS/ LICENSES IN RELATION TO THE BUSINESS OF OUR COMPANY

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

#### A. Under Direct and Indirect Laws

Sr. No.	Nature of License / Approvals / Registrations	Authority	Particulars of License / Approvals	Validity Period	Special conditions, if any
1.	Income Tax	Income Tax Department, Govt. of India	PAN: AAPCS8434E	Perpetual	-
2.	Tax Deduction Account Number, Faridabad, Haryana	Income tax Department, Govt. of India	TAN: JDHS12158G	Perpetual	-
3.	Goods & Service Tax Registration for Maharashtra	Government of India	GSTIN.: 27AAPCS8434E1ZZ	Perpetual	-
4.	Goods & Service Tax Registration for Rajasthan	Government of India	GSTIN.: 08AAPCS8434E1ZZ	Perpetual	-
5.	Importer-Exporter Code	DGFT, Ministry of Commerce	IEC.: 1311005587	Perpetual	-



## B. Under Industrial and Labour Law

Sr. No.	Nature of License / Approvals	Authority	Particulars of License / Approvals	Validity Period	Special conditions, if any
1.	Employees' Provident Fund Registration in Rajasthan	Employees' Provident Fund Organisation, Ministry of Labour & Employment, Govt. of India	Code No.: RJRAJ0029111000	Perpetual	-
2.	Employee's State Insurance Corporation (ESIC) in the state of Rajasthan	ESI Corporation, Rajasthan.	Code No.: 150005225000001 01	Perpetual	-
3.	Clearance for Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 for – Kundan Ki Beri, NH 8, Srinagar, Nasirabad, Rajasthan	Rajasthan State Pollution Control Board	File no.: - F(Tech)/Ajmer(Na sirabad)/1688(1)/2 015-2016/2327-2328	June 30, 2021	-
4.	Clearance for Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 for – Shree Bhawan, Ajmer Road, Kishangarh, Rajasthan.	Rajasthan State Pollution Control Board	File no.: - F(Tech)/Ajmer(Na sirabad)/21(1)/201 1-2012/2686-2687	Perpetual	-

Sr. No.	Nature of License / Approvals	Authority	Particulars of License / Approvals	Validity Period	Special conditions, if any
5.	Certification for use of Boiler at our manufacturing facility in Rajasthan	Rajasthan State Boiler Inspection Department, Government of Rajasthan.	Registry No.: - RJ2193	January 8, 2019	To be worked at Maximum Pressure of 10.54 KG/CM2
6.	Factory License for our Rajasthan based manufacturing facility	Chief inspector of Factories 7 Boilers, Rajasthan	Regn. No. : RJ/31840	March 31, 2020	Company must comply with the applicable provisions of Factories Act, 1948 and Rajasthan Factories Rules, 1951
7.	Udyog Aadhaar Memorandum	Ministry of Micro, Small and Medium Enterprises, Government of India	UAN. No. 281700608495	Perpetual	-

### C. Other Registrations / Certifications / Ratings

Sr. No.	Nature of License / Approvals / Ratings	Authority	Particulars of License / Approvals	Validity Period	Remarks
1.	Certificate on Environmental Management System under ISO 14001:2015	Accredited Certification Services Pvt Ltd	Cert. No. 1017FVN5993	January 30, 2020	Applicable for Manufacturing & trading of greige and finished fabrics & yarns
2.	Certificate on Environmental Management System under ISO 9001:2015	Accredited Certification Services Pvt Ltd	Cert. No. 1017HUY3800	January 30, 2020	Applicable for Manufacturing & trading of greige and finished fabrics & yarns



## INTELLECTUAL PROPERTY

We have applied for the following Trademark(s) under the Trademarks Act, 1999: -

Sr. No.	Trademark / Logo	Date of Application	Application No.	Class	Current Status	Validity
2.		July 13, 2018	3887370	24	Objected	-



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

#### Corporate Approvals

- ✓ Our Board has authorized the Fresh Issue of Equity shares by a resolution dated August 13, 2018, subject to the approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013.
- ✓ Our shareholders have, pursuant to a special resolution passed at the Extra Ordinary General Meeting of our Company held on August 20, 2018 at the Registered office of our Company under Section 62(1)(c) of the Companies Act 2013, authorized the Issue.
- ✓ Our Company has obtained in-principle approval dated [●] from the Emerge platform of NSE for using the name of the Exchange in its Prospectus for listing of the Equity Shares issued by our Company pursuant to the Issue.

#### Approvals from Lenders

- ✓ Our Company has received the No Objection Certificate from Banker & Lender to our Company i.e. Bank of India on July 27, 2018 for this Issue.

### PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, our Promoters, our Directors and our Promoter Group, the group Companies or person in control of our Company have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

The Companies with which our Promoters, our Directors or persons in control of our Company are/ were associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity our Directors are associated with as directors. For further details, please see chapter titled "Our Management" on page 123.

### PROHIBITION BY RBI

Neither our Company, nor our Promoters, or the relatives (as defined under the Companies Act) of our Promoter or Group Companies have been identified as wilful defaulters by the RBI or any other governmental authority in accordance with the guidelines on wilful defaulters issued by RBI. There are no violations of securities laws committed by our Company, Directors, Promoters, Promoter Group and Group Companies in the past or no proceedings thereof are pending against them.

### ELIGIBILITY FOR THIS ISSUE

Our Company is not ineligible in terms of Regulations 4(2) of SEBI (ICDR) Regulations, 2009 for this Issue and our Company is an "Unlisted Company" in terms of the SEBI (ICDR) Regulations; and this Issue is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 106(M)(2) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital will exceed Rs. 10 crores, 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 "Emerge Platform of National Stock Exchange of India Limited").

#### We confirm that:

1. In accordance with regulation 106(P) of the SEBI ICDR Regulations, this Issue is 100% underwritten and that the LM will underwrite at least 15% of the total issue size. For further details pertaining to underwriting please refer to chapter titled "General Information" beginning on page 46.



2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is 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, than 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 interest as prescribed u/s 40 of the Companies Act, 2013, SEBI (ICDR) Regulations, 2009 and other applicable laws.
3. In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Offer Document or Draft Prospectus or Prospectus with SEBI nor has SEBI issued any observations on our Offer Document or Draft Prospectus or Prospectus. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
4. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the Lead Manager will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue. For further details of the market making arrangement see chapter titled “General Information” beginning on page 46.

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.

5. The Company shall mandatorily facilitate trading in demat securities and has entered into an agreement with both the depositories.
6. The Company has a website: [www.sahajfashions.com](http://www.sahajfashions.com).
7. There has been no change in the promoter/s of the Company in the preceding one year from date of filing application to Emerge Platform of National Stock Exchange of India (NSE Emerge) for listing.

We confirm that we comply with all the below requirements / conditions so as to be eligible to be listed on the Emerge Platform of the NSE (NSE EMERGE):-

1. The post issue paid up capital of the company will be 1,00,82,160 equity shares of face value of Rs. 10/- aggregating to Rs. 10.08 Crores which is less than Rs. 25.00 Crore.
2. The company confirms that it has track record of more than 3 years.
3. The company confirms that it has positive cash accruals (earnings before depreciation and tax) from operations for atleast 2 financial years preceding the application and its net-worth as on March 31, 2018 is positive.
4. The Company has not been referred to Board for Industrial and Financial Reconstruction (BIFR).
5. No petition for winding up is admitted by a court of competent jurisdiction or a liquidator has been appointed against the Company.



6. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
7. We also confirm that there are no defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the Company, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) during the past three years.

#### **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 THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, KHAMBATTA 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, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT PROSPECTUS, THE LEAD MANAGER, KHAMBATTA SECURITIES LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, KHAMBATTA SECURITIES LIMITED, HAS FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 12, 2018 AND WHICH SHALL ALSO BE SUBMITTED TO SEBI AFTER REGISTERING THE PROSPECTUS WITH ROC AND BEFORE OPENING OF THE ISSUE IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

**“WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, CIVIL LITIGATIONS, CRIMINAL LITIGATIONS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**



- A. THE DRAFT PROSPECTUS FILED WITH THE EXCHANGE AND THE PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C. THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013/ APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFILL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE STOCK EXCHANGE AND PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.-NOTED FOR COMPLIANCE.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S 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 PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN PUBLIC ISSUE ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER**



**ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.**

- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE ‘MAIN OBJECTS’ LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT IN A SCHEDULED BANK AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE, AS IN TERMS OF THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013, THE SHARES ISSUED IN THE PUBLIC ISSUE SHALL BE IN DEMAT MODE ONLY.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:**
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE-NOTED FOR COMPLIANCE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER’S EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009,**



**CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

- 16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR NO. CIR/CFD/DIL/7/2015 DATED OCTOBER 30, 2015.– DETAILS ARE ENCLOSED IN “ANNEXURE - A”**
- 17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTION 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**

- (1) “WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN- NOTED FOR COMPLIANCE.**
- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE.**
- (4) WE CONFIRM THAT AGREEMENTS ARE IN THE PROCESS OF BEING ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER- NOTED FOR COMPLIANCE.**
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION 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- NOTED FOR COMPLIANCE.**
- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION [106P] AND [106V] OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE- NOTED FOR COMPLIANCE.**

**Note:**

*The filing of this Draft Prospectus does not, however, absolve our Company from any liabilities under section 34, section 35, section 36 and section 38(1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed*



*Issue. SEBI further reserves the right to take up at any point of time, with the Lead manager any irregularities or lapses in the Prospectus.*

*All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Jaipur, in terms of sections 26 and 33 of the Companies Act, 2013.*

#### **DISCLAIMER STATEMENT FROM OUR COMPANY AND THE LEAD MANAGER**

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website ([www.shahajfashions.com](http://www.shahajfashions.com)) or the respective websites of any of our Promoters, Promoter Group, Group Companies or of any affiliate of our Company, as applicable, would be doing so at his or her own risk.

#### **Caution**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for Issue Management entered into among the Lead Manager and our Company dated August 21, 2018, the Underwriting Agreement dated [●] to be entered among the Underwriter and our Company and the Market Making Agreement dated August 21, 2018 entered among the Market Maker, Lead Manager and our Company.

Our Company and the Lead Manager shall make all information available 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 or at collection centers, etc.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Companies, 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 Companies, and our affiliates or associates, for which they have received and may in future receive compensation.

#### **Note:**

Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter 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 to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

#### **PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE LEAD MANAGER**

For details regarding the price information and the track record of the past Issues handled by the Lead Manager to the Issue as specified in Circular reference CIR/CFD/DIL/7/2015 dated October 30, 2015 issued by the SEBI, please refer to 'Annexure A' to this Draft Prospectus and the website of the Lead Manager at [www.khambattasecurities.in](http://www.khambattasecurities.in).

#### **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are 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 Insurance Regulatory and Development Authority, provident funds (subject to



applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, QFIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Rajasthan only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with NSE for its observations and NSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

#### **DISCLAIMER CLAUSE OF THE NSE EMERGE PLATFORM**

As required, a copy of this Draft Prospectus shall be submitted to National Stock Exchange of India Limited (NSE). The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to the RoC filing.

#### **DISCLAIMER CLAUSE UNDER RULE 144A OF THE U.S. SECURITIES ACT**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S 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 Application 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.

This Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the Offer Document in term of Regulation 106(M)(3) of the SEBI (ICDR) Regulations, 2009. However, a copy of the Prospectus shall be filed with SEBI at 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi - 110 001. A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration with the Registrar of Companies situated at the address mentioned below:

### **The Registrar of Companies, Jaipur**

C/6-7, 1st Floor, Residency Area,

Civil Lines, Jaipur-302001

**Website-**[www.mca.gov.in](http://www.mca.gov.in)

## LISTING

An application will be made to the NSE for obtaining permission to deal in and for an official quotation of our Equity Shares. NSE-Emerge will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The NSE has given its in-principle approval for using its name in the Prospectus vide its letter dated [ ● ].

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the NSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under section 40 of 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 NSE-Emerge mentioned above are taken within Six Working Days from the Issue Closing Date.

## CONSENTS

Consents in writing of: (a) the Promoters, the Directors, the Company Secretary and Compliance Officer, Chief Financial Officer, the Statutory Auditor, Peer Review Auditor, the Banker to the Company; and (b) Lead Manager, Underwriter, Market Maker, Registrar to the Issue, Banker(s) to the Issue, Legal Advisor to the Issue, Lenders, to act in their respective capacities have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 26 of Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC. Our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Prospectus and such consent and report is not withdrawn up to the time of delivery of this Draft Prospectus with NSE.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, BNG & Associates LLP, Chartered Accountants, Statutory Auditor and M/s Patel Shah & Joshi, 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 Possible Tax Benefits relating to the possible tax benefits and restated financial statements & restated Consolidate 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.



## **EXPERT TO THE ISSUE**

Except for the reports in the section “Financial information of the Company” and “Statement of Tax Benefits” on page 149 and 78, respectively from the Statutory & Peer Review Auditors, 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 ISSUE**

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For details of total expenses of the Issue, see the chapter “Objects of the Issue” beginning on page 71.

## **DETAILS OF FEES PAYABLE**

### **Fees, Brokerage and Selling Commission Payable to the Lead Manager, Underwriter and Market Maker.**

The total fees payable to the Lead Manager will be as per the (i) Issue Agreement dated August 21, 2018 with the Lead Manager (ii) the Underwriting Agreement dated [●] with Underwriter(s) and (iii) the Market Making Agreement dated August 21, 2018 with Market Maker, a copy of which is available for inspection at our Registered Office from 10.00 am to 5.00 pm on Working Days from the date of the Draft Prospectus until the Issue Closing Date

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar dated August 21, 2018, which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send allotment advice by registered post/ speed post/ under certificate of posting.

### **Fees Payable to Others**

The total fees payable to the Legal Advisor, Auditor and Advertiser, *etc.* will be as per the terms of their respective engagement letters.

## **PREVIOUS RIGHTS AND PUBLIC ISSUES DURING THE LAST FIVE YEARS**

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” in terms of the SEBI ICDR Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations.

## **PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 54, our Company has not issued any Equity Shares for consideration otherwise than for cash.

## **COMMISSION AND BROKERAGE ON PREVIOUS ISSUES**

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

## **PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 186 OF 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 /Section 186 of the Companies Act, 2013, had made any public issue or rights issue during the last three (3) years.



## **PROMISE VERSUS PERFORMANCE FOR OUR COMPANY**

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, and this Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us. None of the Group Companies has made public issue of equity shares during the period of ten (10) years immediately preceding the date of filing draft prospectus with the National Stock Exchange of India.

## **OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY OUR COMPANY**

As on the date of this Draft Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

## **STOCK MARKET DATA FOR OUR EQUITY SHARES**

Our Company is an "Unlisted Issuer" in terms of the SEBI ICDR Regulations, and this Issue is an "Initial Public Offering" in terms of the SEBI ICDR Regulations. Thus, there is no stock market data available for the Equity Shares of our Company.

## **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES**

The Agreement between the Registrar and 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, demat credit to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

We hereby confirm that there is no investor complaints received during the three (3) years preceding the filing of Draft Prospectus. Since there is no investor complaints received, none are pending as on the date of filing of this Draft Prospectus.

All grievances relating to this Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted and.

The Applicant should give full details such as name of the sole/ first Applicant, Application Form number, Applicant DP ID, Client ID, PAN, date of the Application Form, address of the Applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Application Form was submitted by the Applicant. Further, the investor shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents or information mentioned herein above.

## **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Applicant shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Stakeholders Relationship Committee of the Board *vide* resolution passed at the Board Meeting held on August 28, 2018. For further details, please refer to the chapter titled "*Our Management*" beginning on page 123.

Our Company has appointed Ms. Nikita Daga as the Company Secretary and Compliance Officer and she may be contacted at the following address:

### **SAHAJ FASHIONS LIMITED**

Shree Bhawan, Ajmer Road,

Madanganj Kishangarh,

Rajasthan – 305 801, India



**Tel. No.:** +91 1463 246782

**E-mail:** cs@sahajfashions.com

Investors can contact the Company Secretary and 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).

#### **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.

#### **CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS**

There have been no changes in the statutory auditors of our Company in the last three financial years.

#### **CAPITALISATION OF RESERVES OR PROFITS**

Save and except as stated in the chapter titled "*Capital Structure*" beginning on page 54, our Company has not capitalized its reserves or profits at any time since inception.

#### **REVALUATION OF ASSETS**

Our Company has not revalued its assets since incorporation.

#### **PURCHASE OF PROPERTY**

Other than as disclosed in 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 this Draft Prospectus.

Except as stated elsewhere in this Draft Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made thereunder.

#### **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 78.

#### **PAYMENT OR BENEFIT TO OFFICERS OF OUR COMPANY**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Except as disclosed in chapter titled "Our Management" beginning on page 123 and "Annexure VI – Statement of Related Party Transactions" beginning on page 147, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

#### **SERVICING BEHAVIOR**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.



## SECTION VII – ISSUE INFORMATION

### TERMS OF THE ISSUE

*The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, the terms of this Draft Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note ('CAN') and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, NSE, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

*Please note that, in accordance with the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the investors applying in this issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment i.e. just writing their account number and authorizing the banks to make payment in case of allotment by signing the application form.*

#### **AUTHORITY FOR THE ISSUE**

The present Public Issue of 26,70,000 Equity Shares which have been authorized by a resolution of the Board of Directors of our Company at their meeting held on August 13, 2018 and was approved by the shareholders of the Company by passing resolution at the Extra Ordinary General Meeting held on August 20, 2018 in accordance with the provisions of Section 62(1)(c) of the Companies Act, 2013.

#### **RANKING OF EQUITY SHARES**

The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Companies Act and the Memorandum of Association (MOA) and Articles of Association (AOA) and shall rank pari passu in all respects with the existing Equity Shares including rights to receive dividend. The Allottees upon Allotment of the Equity Shares under the Issue, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment.

For further details, please refer to the chapter titled “Main Provisions of the Articles of Association” beginning on page 280.

#### **MODE OF PAYMENT OF DIVIDEND**

The declaration and payment of dividend will be as per the provisions of Companies Act, 2013 and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends as per provisions of the Companies Act, 2013.

For further details, please refer to the chapter titled ‘Dividend Policy’ on page 148.

#### **FACE VALUE AND ISSUE PRICE**

The Equity Shares having a Face Value of Rs. 10/- each are being offered in terms of this Draft Prospectus at the price of Rs. 42 per Equity Share.

The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled ‘Basis for Issue Price’ beginning on page 76. 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 THE DISCLOSURE AND ACCOUNTING NORMS**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.



## **RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “Main Provisions of Articles of Association” beginning on page 280.

## **MINIMUM APPLICATION VALUE, MARKET LOT AND TRADING LOT**

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialized form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialized form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated July 12, 2018 entered into between CDSL, our Company and the Registrar to the Issue;
- Agreement dated July 17, 2018 entered into between NSDL, our Company and the Registrar to the Issue.

The trading of the Equity Shares will happen in the minimum contract size of 3,000 equity shares and the same may be modified by the NSE-Emerge from time to time by giving prior notice to investors at large.

Allocation and allotment of equity shares through this issue will be done in multiple of 3,000 equity shares and is subject to a minimum allotment of 3,000 equity shares to the successful applicants in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012.

Further, in accordance with Regulation 106(Q) of the SEBI (ICDR) Regulations the minimum application size in terms of specified securities shall not be less than Rupees One Lakh per application.

## **MINIMUM NUMBER OF ALLOTTEES**

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and all the monies blocked by SCSBs shall be unblocked within 6 working days of closure of Issue.

## **JOINT HOLDERS**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

## **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole Applicant, or the first Applicant along with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the



Applicants, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with section 72 of the Companies Act, 2013, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may, thereafter, withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the Applicants require changing of their nomination, they are requested to inform their respective depository participant.

#### **MINIMUM SUBSCRIPTION**

In the event our Company does not receive a minimum subscription of 100% of the Issue, subject to the Issue being made for at least 25% of the post-Issue paid up Indian Equity Share capital of our Company, in accordance with Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, including devolvement to the Underwriters within 60 days from the Issue Closing Date, we shall forthwith refund the entire subscription amount received not later than 70 days from the Issue Closing Date. If there is a delay beyond eight days after the expiry of 70 days from the Issue Closing Date, the Directors of our Company who are officers in default shall jointly and severally be liable to repay the money with such interest as prescriber under section 39(3) of the Companies Act, 2013 and Companies (Prospectus and Allotment of Securities) Rules, 2014. Further Section 39(5) states that in case of default under section 39(3), the Company and its officers who are in default shall be liable to a penalty of Rs. 1,000 for each day during which the default continues or Rs. 1,00,000, whichever is less.

Additionally, section 40(3) of the 2013 Act requires application money to be refunded in the event of failure to Allot Equity Shares for any other reason. If a default is made in complying with the provisions of this section the Company shall be punishable with a fine which shall not be less than Rs. 5,00,000, but which may extend to Rs. 5,00,000 and every officer of the Company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3,00,000 or with both.

*In accordance with Regulation 106P(1) of the SEBI (ICDR) Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the offer through the Draft Prospectus and shall not be restricted to the minimum subscription level.*



## ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The trading of the Equity Shares will happen in the minimum contract size of 3,000 shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the NSE Emerge Platform.

## MIGRATION TO MAIN BOARD

As per the provisions of Chapter XB of the SEBI (ICDR) Regulations, 2009 and NSE Circular dated March 10, 2014, our company may migrate to the main board of National Stock Exchange of India Limited at a later date subject to the following:

- a) If the Paid-up Capital of our Company is likely to increase above Rs. 25 crore 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), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- b) If the Paid-up Capital of our company is more than 10 crore but below Rs. 25 crore, our Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## MARKET MAKING

The shares offered through this issue are proposed to be listed on the NSE Emerge Platform wherein the Lead Manager to the issue shall ensure compulsory Market Making through registered Market Makers of the National Stock Exchange of India Limited for a minimum period of three years from the date of listing of shares offered through this Draft Prospectus. For further details of the Market Making arrangement see chapter titled “*General Information - Details of the Market Making Arrangements for this Issue*” beginning on page 46.

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

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.



## **RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES AND ON THEIR CONSOLIDATION OR SPLITTING**

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution as detailed in chapter titled "Capital Structure" beginning on page 54, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. Please refer to the section "Main Provisions of the Articles of Association" beginning on page 280.

## **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 (ICDR) Regulations, in one widely circulated English language nation daily newspaper, one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of the Company is situated.

## **OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM**

As per section 29(1) of Companies Act, 2013 and in accordance with SEBI (ICDR) Regulations, every Company making public offer shall issue securities in 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 Issue shall be dematerialized form only, therefore our Company shall issue shares only in dematerialized form. Investors making application in dematerialized form may get the specified securities rematerialized subsequent to allotment.

## **NEW FINANCIAL INSTRUMENTS**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

## **JURISDICTION**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Rajasthan, 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 or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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.



## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post-issue face value capital does exceed ten crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the NSE Emerge). For further details regarding the salient features and terms of such an Issue please refer to the chapters titled 'Terms of the Issue' and 'Issue Procedure' beginning on page 215 and 223.

The Issue is being made by way of Fixed Price method.

### FOLLOWING IS THE ISSUE STRUCTURE:

The issue comprises of 26,70,000 equity shares of face value of Rs. 10 each ("equity shares") of Sahaj Fashions Limited ("Company" or "Issuer" or "Sahaj") for cash at a price of Rs. 42 per equity share (including a share premium of Rs. 32 per equity shares) ("Issue price") aggregating to Rs. 1,121.40 lakhs ("Issue") by our Company, of which 1,38,000 equity shares of face value of Rs. 10 each fully paid up will be reserved for subscription by Market Maker to the issue ("Market Maker Reservation Portion"). The issue less the Market Maker reservation portion i.e. issue of 25,32,000 equity shares of face value of Rs. 10 each fully paid up ("Net Issue"). The issue and the net issue will constitute 26.48% and 25.11% respectively of the post issue paid up equity share capital of the Company.

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
<b>Number of Equity Shares available for allocation</b>	25,32,000 Equity Shares	1,38,000 Equity Shares
<b>Percentage of Issue Size available for allocation</b>	94.83% of the Issue size	5.17 % of the Issue size
<b>Basis of Allotment</b>	Proportionate subject to minimum allotment of 3,000 Equity Shares and further allotment in multiples of 3,000 Equity Shares each. For further details, please refer to the "Basis of Allotment" on page 234.	Firm Allotment
<b>Mode of Application</b>	All Applicants must compulsorily apply through ASBA Process (online or the physical form)	Through ASBA Process Only
<b>Minimum Application Size</b>	<b><u>For Other than Retail Individual Investors:</u></b> Such number of Equity Shares in multiples of 3,000 Equity Shares at an price of Rs. 42 each, such that the Application Value exceeds Rs. 2,00,000/- <b><u>For Retail Individuals Investors:</u></b> 3,000 Equity Shares at an Issue Price of Rs. 42 each.	1,38,000 Equity Shares

<b>Maximum Application Size</b>	<p><b><u>For Other than Retail Individual Investors:</u></b> Such number of equity shares in multiples of 3,000 Equity Shares such that the Application Size does not exceed 25,32,000 Equity Shares subject to limits the investor has to adhere under the relevant laws and regulations applicable..</p> <p><b><u>For Retail Individuals Investors:</u></b> Such number of Equity Shares in multiples of 3,000 Equity Shares such that the Application Value does not exceed Rs. 2,00,000/-.</p>	<p>Application size shall be 1,38,000 equity shares since there is a firm allotment</p>
<b>Application lot Size</b>	<p>3,000 Equity Shares thereafter Equity Shares and in multiples of 3,000 Equity Shares.</p>	
<b>Mode of Allotment</b>	<p>Dematerialized Form</p>	
<b>Trading Lot</b>	<p>3,000 Equity Shares</p>	<p>3,000 Equity Shares, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.</p>
<b>Terms of Payment</b>	<p>The entire Application Amount will be payable at the time of submission of the Application Form.</p>	

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please refer to “Issue Structure” on page 220.

\*As per Regulation 43, sub regulation (4) of the SEBI (ICDR) Regulations, the allocation in the net issue to public category shall be made as follows:

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

For the purpose of Regulation 43(4), if the retail individual investor category is entitled to more than fifty percent, on proportionate basis, the retail individual investors shall be allocated that higher percentage.



## WITHDRAWAL OF THE ISSUE

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 National Stock Exchange of India for listing of Equity Shares Issued through this Issue on its EMERGE Platform, which the Company shall apply for after Allotment;
- ii. The final RoC approval/acknowledgement of the 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 in regional newspaper.

The LM, through the Registrar to the Issue, 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 Issuing of Equity Shares, our Company will file a fresh Issue 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 Issued through this Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

## ISSUE PROGRAMME

<b>ISSUE OPENING DATE</b>	[●]
<b>ISSUE CLOSING DATE</b>	[●]

Applications and any revision to the same (except that on the Issue Closing Date) will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form. On the Issue Closing date application and revision to the same will be accepted between 10.00 a.m. and 3.00 p.m. Applications will be accepted only on Working Days, i.e., all trading days of stock exchange excluding Sundays and bank holidays.



## ISSUE PROCEDURE

All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (“General Information Document”) including SEBI circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 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 website of the Stock Exchange and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Issue.

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 01, 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.

Applicants are required to submit application to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs or to the Syndicate Members. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants (DP), Registrar to an Issue and Share Transfer Agent (RTA) that have been notified by National Stock Exchange of India Limited to act as intermediaries for submitting Application Forms are provided on <http://www.nseindia.com> For details on their designated branches for submitting Application Forms, please see the above mentioned National Stock Exchange of India website.

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**

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the SCSB or Registered Brokers of Stock Exchanges or Registered Registrar to an Issue and Share Transfer Agents (RTAs) or Depository Participants (DPs) registered with SEBI.



In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

As per the provisions Section 29(1) of the Companies Act, 2013, the Allotment of Equity Shares in the Issue shall be only in a de-materialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). The Equity Shares on Allotment shall, however, be traded only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

**APPLICATION FORM**

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. Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. The Application Form shall contain space for indicating number of specified securities subscribed for in demat form.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants.

The prescribed color of the Application Form for various categories is as follows:

Category	Color of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs applying on a repatriation basis	Blue

In accordance with the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants have to compulsorily apply through the ASBA Process.

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus.

Applicants are required to submit their applications only through any of the following Application Collecting Intermediaries:

- a) an SCSB, with whom the bank account to be blocked, is maintained;
- b) a syndicate member (or sub-syndicate member);
- c) 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');
- d) a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity);
- e) a registrar to an offer and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity).

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.

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(s) 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</b>	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock

**intermediaries other than SCSBs:**

exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.

Upon completion and submission of the Application Form to Application Collecting intermediaries, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.

**WHO CAN APPLY?**

In addition to the category of Applicants as set forth under “General Information Document for Investing in Public Issues-Category of Investors Eligible to participate in an Issue”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:-

- 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****A. For Retail Individual Applicants:**

The Application must be for a minimum of 3,000 Equity Shares and in multiples of 3,000 Equity Shares thereafter, so as to ensure that the application amount payable by the Applicants does not exceed Rs. 2,00,000. In case of revision of Application, the Retail Individual Applicants have to ensure that the application amount does not exceed Rs. 2,00,000.

**B. For Other Applicants (Non-Institutional Bidders and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs.2,00,000 and in multiples of 3,000 Equity Shares thereafter. An application cannot be submitted for more than the net issue Size i.e. 25,32,000 Equity Shares. However, the maximum application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB and a Non-Institutional Applicants cannot withdraw or lower the size of their application at any stage and are required to pay the entire application Amount upon submission of the application. The identity of QIBs applying in the Net Issue shall not be made public during the Issue Period. In case of revision in application, the Non-Institutional Bidders, who are individuals, have to ensure that the application Amount is greater than Rs 2,00,000 for being considered for allocation in the Non-Institutional Portion.

*Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.*

*The above information is given for the benefit of the Applicants. The Company and the LMs 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 OF LM**

The LM, Market maker and the Underwriter, 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 and affiliates of the LM may subscribe to Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where



the allotment is on a proportionate basis. All categories of Applicants, including associates and affiliates of the LM, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue and The Registrar to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of National Stock Exchange of India Limited i.e. [www.nseindia.com](http://www.nseindia.com).

#### **OPTION TO SUBSCRIBE IN THE ISSUE**

- a) As per Section 29(1) of the Companies Act 2013, Investors will get the allotment of Equity Shares in dematerialization form only.
- b) The Equity Shares, on allotment, shall be traded on Stock Exchange in demat segment only.
- c) In a single Application Form any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

#### **INFORMATION FOR THE APPLICANTS**

- a) Our Company and LM shall declare the Issue opening and Issue closing dates in the Prospectus to be registered with the Registrar of Companies, Jaipur 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.
- b) Our Company will file the Prospectus with the Registrar of Companies at least 3 (three) days before the Issue Opening Date.
- c) Copies of the Application Form along with Abridged Prospectus and copies of the Prospectus will be available with the, the Lead Manager, the Registrar to the Issue, and at the Registered Office of our Company. Electronic Application Forms will also be available on the website of the Stock Exchange.
- d) Any applicant who would like to obtain the Prospectus and/ or the Application Form can obtain the same from the Lead Manager, the Registrar to the Issue, and the Registered Office of the Company.
- e) Applicants who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
- f) 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.
- g) 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.
- h) 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 SCSB's 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.
- i) 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.

- j) 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.

#### **APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRIS APPLYING ON NON-REPATRIATION**

Application must be made only in the names of individuals, limited companies or Statutory Corporations/institutions and not in the names of minors, foreign nationals, non-residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu undivided families, partnership firms or their nominees. In case of HUF’s 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.

#### **APPLICATION BY MUTUAL FUNDS**

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to reject any application without assigning any reason thereof. Applications made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made. As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any single Company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific funds/Schemes. No mutual fund under all its schemes should own more than 10% of any Company’s paid up share capital carrying voting rights.

In case of a Mutual Fund, a separate Application can be made in respect of 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.

#### **APPLICATIONS BY ELIGIBLE NRIS**

NRIs may obtain copies of Application Form from the offices of the Lead Manager and the Designated Intermediaries. Eligible NRI Applicants applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) ASBA Accounts, and eligible NRI Applicants applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full Application Amount, at the time of the submission of the Application Form.

Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated May 03, 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 (thirty) days from the date of issue of shares of allotment to NRIs on repatriation basis.

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents (white in colour).

Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

#### **APPLICATIONS BY ELIGIBLE FIIs/FPIs**



On January 07, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely “foreign institutional investors” and “qualified foreign investors” will be subsumed under a new category namely “foreign portfolio investors” or “FPIs”. RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Offer, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a qualified foreign investor who had not obtained a certificate of registration as and FPI could only continue to buy, sell or otherwise deal in securities until January 06, 2015. Hence, such qualified foreign investors who have not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Offer. In case of Applications made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Application Form, failing which our Company reserves the right to reject any application without assigning any reason. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Applications made by SEBI-registered FIIs or subaccounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason. In terms of the SEBI FPI Regulations, the offer of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10.00% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24.00% of the paid-up Equity Share capital of our Company. The aggregate limit of 24.00% may be increased up to the sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10.00% and 24.00% of the total paid-up Equity Share capital of our Company, respectively. As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments (“ODIs”). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company. FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Offer are advised to use the Application Form for Non-Residents (blue in colour). FPIs are required to apply through the ASBA process to participate in the Offer.



**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 a 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 nonconvertible 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' (IFC) 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 SEBI (Foreign Portfolio Investors) Regulations, 2014, hold 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 from 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:
    - ❖ Any transactions in derivatives on a recognized stock exchange;
    - ❖ Short selling transactions in accordance with the framework specified by the Board;
    - ❖ 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
    - ❖ 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 stockbrokers registered by the Board; provided nothing contained in this clause shall apply to:
    - i. transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
    - ii. Sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - iii. Sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;



- iv. Sale of securities, in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
  - v. divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines of Disinvestment of shares of 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 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 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 regulation, can be held in non-dematerialized form, if such shares cannot be dematerialized.
4. 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.
  5. The purchase of Equity Shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.
  6. 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.
  7. 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.
  8. 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 derivatives 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 off-shore 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 of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulation, 2014 shall be deemed to have been issued under the corresponding provision of SEBI (Foreign Portfolio Investors) Regulation, 2014.

The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10 per cent of the total issued capital of the company.

An FII or its sub-account which holds a valid certificate of registration shall, subject to the 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.

Qualified foreign investor may continue to buy, sell or otherwise deal in securities subject to the provision of SEBI (Foreign Portfolio Investors) Regulation, 2014, for a period of one year from the date of commencement of aforesaid regulations, or until it obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

#### **APPLICATIONS BY SEBI REGISTERED ALTERNATIVE INVESTMENT FUND (AIF), VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. As per the current regulations, the 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 AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to a further public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

Our Company or the Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.

#### **APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS**

In case of applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

#### **APPLICATIONS BY INSURANCE COMPANIES**

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.



The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “IRDA Investment Regulations”), are broadly set forth below:

1. Equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
2. The entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
3. The industry sector in which the investee company operates: 10% of the insurer’s total investment exposure to the industry sector (25% in case of ULIPS).

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors on December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

#### **APPLICATIONS BY BANKING COMPANIES**

**Applications by Banking Companies:** In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee are required to be attached to the Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Application without assigning any reason. The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of the paid up share capital of the investee company or 30.00% of the banks’ own paid up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 01, 2015 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

**Applications by SCSBs:** SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 02, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

#### **APPLICATION BY PROVIDENT FUNDS/ PENSION FUNDS**

In case of applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs. 2,500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

#### **APPLICATION UNDER POWER OF ATTORNEY**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs (including FIIs), Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of 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 along with the Application Form. Failing this, our Company reserve the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.



In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to applications by VCFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (c) With respect to applications made by provident funds with minimum corpus of Rs. 250.00 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250.00 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company, the lead manager may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of mailing of the Allotment Advice / CANs / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of 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.

#### **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. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, 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 National Stock Exchange of India Limited i.e. [www.nseindia.com](http://www.nseindia.com).

#### **APPLICANT'S DEPOSITORY ACCOUNT AND BANK DETAILS**

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). Applicants should carefully fill in their Depository Account details in the Application Form.



These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

## **BASIS OF ALLOTMENT**

Allotment will be made in consultation with the National Stock Exchange of India Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 3,000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 3,000 equity shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 3,000 equity shares, the applicant would be allotted Shares by rounding off to the nearest multiple of 3,000 equity shares subject to a minimum allotment of 3,000 equity shares.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 3,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.
6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
  - a) As the retail individual investor category is entitled to more than fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
  - b) The balance net offer of shares to the public shall be made available for allotment to
    - i. Individual applicants other than retails individual investors and
    - ii. Other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - c) The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

‘Retail Individual Investor’ means an investor who applies for shares of value of not more than 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 NSE.

For the purpose of Regulation 43(4), if the retail individual investor category is entitled to more than fifty percent, on proportionate basis, the retail individual investors shall be allocated that higher percentage.



The Executive Director / Managing Director of NSE – the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

### **PAYMENT BY STOCK INVEST**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 05, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

### **GENERAL INSTRUCTIONS**

#### ***Do's:***

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details 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 not 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 Applicants should submit their application through ASBA process only.
- Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your 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 at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the 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 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 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 applications on plain paper or incomplete or illegible Application Forms in a color prescribed for another category of Applicant;
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended; and
- Do not make more than five applications from one bank account.

#### **APPLICANT'S DEPOSITORY ACCOUNT AND BANK DETAILS**

Please note that, providing bank account details, PAN No's, 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 from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the 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.

#### **OTHER INSTRUCTIONS**

##### ***Joint Applications in the case of Individuals***

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

##### ***Multiple Applications***

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- (i) All applications are electronically strung on first name, address (1<sup>st</sup> line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- (ii) Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- (iii) Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.



In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of 'know your client' norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

#### **PERMANENT ACCOUNT NUMBER OR PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ('PAN') to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 02, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

#### **RIGHT TO REJECT APPLICATIONS**

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non- Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

#### **GROUND FOR REJECTIONS**

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form, duplicate PAN and mismatch of PAN;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;
- Applications for number of Equity Shares which are not in multiples of 3,000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Applicant is missing;



- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date;
- Detailed of ASBA Account not provided in the Application Form;
- Amount not blocked in ASBA within prescribed time;
- More than five application forms blocked from one ASBA Account.

### **IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of section 38(1) of the Companies Act, 2013 which is reproduced below:

‘Any person who:

- a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

Shall be liable for action under section 447 of Companies Act, 2013 and shall be treated as Fraud.

### **SIGNING OF UNDERWRITING AGREEMENT**

Vide an Underwriting agreement dated [●] this issue is 100% Underwritten.

### **FILING OF THE PROSPECTUS WITH THE ROC**

The Company will file a copy of the Prospectus with the Registrar of Companies, Jaipur, in terms of Section 26 of Companies Act, 2013.

### **PRE-ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act, 2013 the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated



English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation. In the pre-issue advertisement, we shall state the Offer Opening Date and the Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

#### **SUBMISSION OF APPLICATION FORM**

All Application Forms duly completed shall be submitted to the Designated Intermediaries. 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.

#### **DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Issue Closing Date.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within two months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 56 of the Companies Act, 2013 or other applicable provisions, if any.

Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates. After the funds are transferred from the SCSB's to Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the Allottees shall be within one working day of the date of approval of Basis of Allotment by Designated Stock Exchange. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated/ allotted to them pursuant to this issue.

#### **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 2 (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 Emerge Platform of NSE where the Equity Shares are proposed to be listed are taken within 6 (Six) working days from Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- ✓ Allotment and Listing of Equity Shares shall be made within 6 (Six) days of the Issue Closing Date;
- ✓ The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

#### **PAYMENT OF REFUND**

In the event that the listing of the Equity Shares does not occur in the manner described in this Draft Prospectus, the Lead Manager shall intimate Public Issue bank and Public Issue Bank shall transfer the funds from Public Issue account to Refund Account as per the written instruction from lead Manager and the Registrar for further payment to the beneficiary applicants.

#### **UNDERTAKINGS BY OUR COMPANY**

The Company undertakes the following:

1. That the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
2. that if our Company do not proceed with the Issue after the Issue Closing Date, the reason thereof shall be given as a public notice in the newspapers to be issued by our Company within two days of the Issue Closing



Date. The public notice shall be issued in the same newspapers in which the Pre-Issue advertisement was published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;

3. that if our Company withdraw the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the ROC/SEBI, in the event our Company subsequently decides to proceed with the Issue;
4. that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
5. that all steps shall be taken to ensure the listing and commencement of trading of the Equity Shares at the Stock Exchange where the Equity Shares are proposed to be listed are taken within six Working days of Issue Closing Date or such time as prescribed;
6. that if allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under applicable law for the delayed period;
7. that the letter of allotment/unblocking of funds to the non-resident Indians shall be dispatched within specified time; and
8. that no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Prospectus are listed.

#### **UTILIZATION OF ISSUE PROCEEDS**

Our Board certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act, 2013;
2. Details of all monies utilized out of the issue referred to in point 1 above shall be disclosed and continued to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilized;
3. Details of all unutilized monies out of the Issue referred to in 1, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
4. Our Company shall comply with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
6. The Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactorily.

#### **WITHDRAWAL OF THE ISSUE**

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 National Stock Exchange of India for listing of Equity Shares Issued through this Issue on its EMERGE Platform, which the Company shall apply for after Allotment;
- ii. The final RoC approval of the 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 in regional newspaper.

The LM, through the Registrar to the Issue, 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 Issuing of Equity Shares, our Company will file a fresh Issue 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 Issued through this Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company has entered into following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- Agreement dated July 12, 2018 entered into between CDSL, our Company and the Registrar to the Issue;
- Agreement dated July 17, 2018 entered into between NSDL, our Company and the Registrar to the Issue.

The Company's Equity shares bear an ISIN No. INE013901017

An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.

- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis à vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- The allotment and trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

### **COMMUNICATIONS**

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted 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.

## **ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED AMOUNT) APPLICANTS**

In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants have to compulsorily apply through the ASBA Process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make the independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

## **ASBA PROCESS**

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ('ASBA Account') is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA 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 LM.

ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB or Registered Brokers or Registered RTAs or DPs registered with SEBI. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

### **Who can apply?**

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 01, 2010 all the investors can apply through ASBA process and after SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all investors must apply through the ASBA Process.



## **Mode of Payment**

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

Application Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Application Form accompanied by cash, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

## **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the Public Issue Account as per the provisions of section 40(3) of the Companies Act, 2013 and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

## **PART B**

### **GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUE**

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information legal advice and should consult their own legal advisor and other advisors in relation to the legal matters concerning the issue. For taking on investment decision, the Bidders/Applicants should rely on their own examination of the issuer and the issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the issue.*

#### **SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)**

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/ Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”).

Bidders/ Applicants should note that investment in equity and equity related securities involves risk and Bidder/ Applicant should not invest any funds in the 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 Red Herring Prospectus (“RHP”). Prospectus filed by the issuer with the Registrar of Companies (“RoC”). Bidders/ Applicants should carefully read the entire RHP/ Prospectus and the Bid cum Application Form/ 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 RHP/ Prospectus, the disclosures in the RHP/ Prospectus shall prevail. The RHP/ Prospectus of the issuer are available on the websites of stock exchanges, on the website(s) of the BRLM(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 Bidders/ Applicants see “Glossary and Abbreviations”.

## **SECTION 2: BRIEF INTRODUCTION TO IPOs/ FPOs**

### **2.1 Initial public issue (IPO)**

An IPO means an issue of specified securities by an unlisted issuer to the public for subscription and may include an Issue 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, among other things, required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/ Applicants may refer to the RHP/ Prospectus.

### **2.2 Further public issue (FPO)**

An FPO means an issue of specified securities by a listed Issuer to the public for subscription and may include Issue for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is, among other things, required to comply with the eligibility requirements in terms of Regulation 26/Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/ Applicants may refer to the RHP/ Prospectus.

### **2.3 Other Eligibility Requirements**

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/ Applicants may refer to the RHP/ Prospectus.

### **2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Issue Price through the Book Building Process (“Book Built Issue”) or undertake a Fixed Price Issue (“Fixed Price Issue”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ 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.

Bidders/ Applicants should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

## 2.5 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/ Applicants) and not more than ten Working Days. Bidders/ Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/ Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/ Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, Lead Managers, and the advertisement in the newspaper(s) issued in this regard.

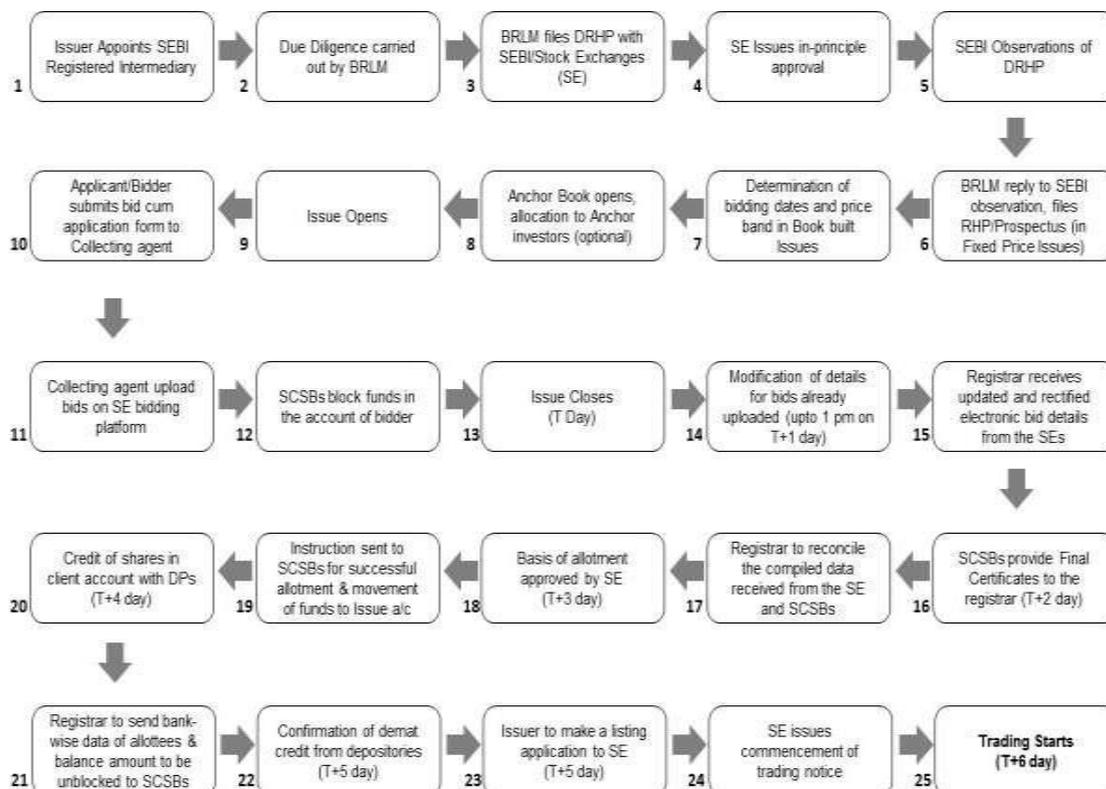
## 2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/ Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

(i) Step 7 : Determination of Issue Date and Price

(ii) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries





### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

*Each Bidder should check whether it is eligible to apply under applicable law.* Furthermore, certain categories of Bidders, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the RHP/ Prospectus for more details.

Subject to the above, an illustrative list of Bidders is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/ Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of sole or first Bidder/ Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/ Applications by HUFs may be considered at par with Bids/ Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals Bidding only under the Non Institutional Bidders (“NIBs”) category;
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;
- Trusts/ societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/ societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

### SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified ASBA Form (or in case of an Anchor Investors, the Anchor Investor Application Form) bearing the stamp of any of the Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Lead Managers, the Designated Intermediaries at the Bidding Centres and at the Registered Office. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/ Prospectus.

**Fixed Price Issue:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the Designated SCSB Branches of the SCSBs and at the Registered Office and Corporate Office of the Issuer. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the Prospectus.



Bidders/ Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/ Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, 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
Anchor Investors (where applicable) & Bidders /Applicants Bidding/ applying in the Reserved Category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised form in accordance with Section 29 of the Companies Act, 2013. Bidders/ Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

## 2.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM

Bidders/ Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:





Sample of Common Application form –NR

TEAR HERE

<b>COMMON APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b> Registered Office: _____	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FII'S, FVCIS ETC. APPLYING ON A REPATRIATION BASIS
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<b>LOGO</b> To, The Board of Directors <b>XYZ LIMITED</b>	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">FIXED PRICE ISSUE</td></tr> <tr><td style="text-align: center;">ISIN - XXXXXXXXX</td></tr> </table>	FIXED PRICE ISSUE	ISIN - XXXXXXXXX	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;">ISSUE OPENS ON : _____</td></tr> <tr><td style="text-align: center;">ISSUE CLOSES ON : _____</td></tr> </table>	ISSUE OPENS ON : _____	ISSUE CLOSES ON : _____	<b>Application Form No.</b> _____
FIXED PRICE ISSUE							
ISIN - XXXXXXXXX							
ISSUE OPENS ON : _____							
ISSUE CLOSES ON : _____							

BROKER/SCSB/DP/RTA STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b> Mr. / Ms. _____ Address _____ Email _____ Tel. No. (with STD code) / Mobile _____
BANK BRANCH STAMP & CODE	BANK BRANCH SERIAL NO.	
REGISTRAR'S SERIAL NO.		
REGISTRAR'S SERIAL NO.		

<b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL <small>For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID</small>	<b>6. INVESTOR STATUS (✓)</b> <input type="checkbox"/> Non-Resident Indians (Repatriation basis) -NRI <input type="checkbox"/> Foreign Institutional Investor - FII <input type="checkbox"/> Foreign Venture Capital Investor - F/CI <input type="checkbox"/> FII Sub Account Corporate / Individual - FISA <input type="checkbox"/> Foreign Portfolio Investors - FPI <input type="checkbox"/> Others (please specify) - OTH
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<b>4. APPLICATION DETAILS</b> No. of Equity Shares of ₹ ___/- each applied at the Issue Price i.e. at ₹ ___ per share <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; border: 1px solid black;">(In figures)</td> <td style="width: 30%; border: 1px solid black;">(In words)</td> <td style="width: 40%; border: 1px solid black;"></td> </tr> </table>	(In figures)	(In words)		<b>5. CATEGORY (✓)</b> <input type="checkbox"/> Retail Individual Applicant <input type="checkbox"/> Non-Institutional Applicant <input type="checkbox"/> QIB
(In figures)	(In words)			

<b>7. PAYMENT DETAILS</b> Amount Paid (₹ in figures) _____ (₹ in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____	<b>PAYMENT OPTION : FULL PAYMENT</b>
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I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE INVESTORS UNDERTAKING AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST APPLICANT</b> _____ Date: _____, 2017	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue 1) _____ 2) _____ 3) _____	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Application in Stock Exchange system)</b> _____
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<b>LOGO</b>	<b>XYZ LIMITED</b> INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/DP/RTA	<b>Application Form No.</b> _____
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DPID / CLID	PAN of Sole / First Applicant	
Amount Paid (₹ in figures)	Bank & Branch	Bank's Stamp & Signature
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile      Email		

----- TEAR HERE -----

<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>	No. of Equity Shares	In Figure	In Words	Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Applicant
	Amount Paid (₹)				Acknowledgement Slip for Applicant
	ASBA Bank A/c No.	Application Form No. _____			
	Bank & Branch				

TEAR HERE



### 2.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER/APPLICANT

- a. Bidders/ Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- b. **Mandatory Fields:** Bidders/ Applicants should note that the name and address fields are compulsory and Email and/ or telephone number/ mobile number fields are optional. Bidders/ Applicants should note that the contact details mentioned in the Bid-cum Application Form/ Application Form may be used to dispatch communications(including refund intimations and letters notifying the unblocking of the bank accounts of ASBA Bidders) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- c. **Joint Bids/ Applications:** In the case of Joint Bids/ Applications, the Bids/ Applications should be made in the name of the Bidder/ Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/ Applicant would be required in the Bid cum Application Form/ Application Form and such first Bidder/ Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/ Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- d. Impersonation: Attention of the Bidders/ Applicants is specifically drawn to the provisions of subsection (1) of Section 38 of the Companies Act, 2013 which is reproduced below:  
*“Any person who:*
  - a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
  - b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
  - c) *otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- e. **Nomination Facility to Bidder/ Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/ Applicants should inform their respective DP.

### 2.1.2 FIELD NUMBER 2: PAN OF SOLE/ FIRST BIDDER/ APPLICANT

- a) PAN (of the sole/ first Bidder/ Applicant) provided in the Bid cum Application Form/ Application Form should be exactly the same as the PAN of the person(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 Bids/ Applications on behalf of the Central or State Government, Bids/ Applications by officials appointed by the courts and Bids/ Applications by



Bidders/ Applicants residing in Sikkim (“PAN Exempted Bidders/ Applicants”). Consequently, all Bidders/ Applicants, other than the PAN Exempted Bidders/ Applicants, are required to disclose their PAN in the Bid cum Application Form/ Application Form, irrespective of the Bid/ Application Amount. Bids/Applications by the Bidders/ Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- c) The exemption for the PAN Exempted Bidders/ Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.
- e) Bids by Bidders 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.

### 2.1.3 FIELD NUMBER 3: BIDDERSDEPOSITORY ACCOUNT DETAILS

- a) Bidders should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- b) Bidders should ensure that the beneficiary account provided in the Bid cum Application Form is active.
- c) Bidders should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidder may be deemed to have authorised the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/ Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for any other correspondence(s) related to an Issue.
- d) Bidders are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/ Applicants’ sole risk.

### 2.1.4 FIELD NUMBER 4: BID OPTIONS

- a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/ RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Issue Opening Date in case of an FPO.
- b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/ FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details Bidders may refer to (Section 5.6 (e))
- c) **Cut-Off Price:** Retail Individual Bidders or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.
- d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs. 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.



- e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/ Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 2.1.4.1 Maximum and Minimum Bid Size

- a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders and Retail Individual Shareholders must be for such number of shares, so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.

In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount, if any) then such Bid may be rejected if it is at the Cut-off Price.

For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding Rs. 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

- b) Bids by QIBs and NIBs must be for such minimum number of shares, such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/ Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at 'Cut-off Price'.
- c) RIB may revise or withdraw their Bids until Bid/Issue Closing Date. QIBs and NIB's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.
- d) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- e) For Anchor Investors, if applicable, the Bid Amount shall be at least `100 million. One-third of the Anchor Investor Category shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- f) A Bid cannot be submitted for more than the Issue size.
- g) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- h) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the



highest number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. If there is/are one or more bids at prices at or above the Issue Price, the Bid for the highest number of equity Shares shall be considered for Allotment This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e)).

#### **2.1.4.2 Multiple Bids**

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.
- (b) Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- (c) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
  - (i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - (ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (d) The following Bids may not be treated as multiple Bids:
  - (i) Bids by Reserved Categories Bidding in their respective Reservation Category as well as bids made by them in the Net Issue Category in public category.
  - (ii) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - (iii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - (iv) Bids by Anchor Investors under the Anchor Investor Category and the QIB Category.

#### **2.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS**

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, NIBs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with the SEBI ICDR Regulations, with one-third of the Anchor Investor Category reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/ Prospectus.



- (c) An Issuer can make reservation for certain categories of Bidders as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, Bidders/ Applicants may refer to the RHP/ Prospectus.
- (d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder may refer to the RHP/ Prospectus.

#### **2.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder 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 Bidders, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders are requested to refer to the RHP/ Prospectus for more details.
- (c) Bidders/ Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders should ensure that their investor status is updated in the Depository records.

#### **2.1.7 FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account base on the authorisation provide in the ASBA Form. If the Discount is applicable in the Issue, the RIB should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for Bid Amount net of Discount. Only in cases where the RHP/ Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount issued, if any.
- (b) Bidders who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.
- (c) All Bidders (except Anchor Investors) have to participate in the Issue only through the ASBA mechanism.
- (d) Bid Amount cannot be paid in cash, cheques, or demand drafts, through money order or through postal order.

##### **2.1.7.1 Additional Payment Instructions for NRIs**

**2.1.7.2** The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

##### **2.1.7.3 Instructions for Anchor Investors**

- (a) Anchor Investors may submit their Bids through a Book Running Lead Manager.
- (b) Payments should be made either by RTGS, direct credit or NEFT.
- (c) The Escrow Collection Banks shall maintain the monies in the Escrow Accounts for and on behalf of the Anchor Investors until the Designated Date.

#### **2.1.7.4 Payment Instructions for ASBA Bidders**

- (a) Bidders, except Anchor Investors, may submit the ASBA Form either:
  - i. in electronic mode through the internet banking facility issued by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - ii. in physical mode to any Designated Intermediary.
- (b) Bidders must specify the Bank Account number in the ASBA Form. The ASBA Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Bidders should ensure that the ASBA Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
- (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) Bidders should submit the Bid cum Application Form only at the Bidding Centres, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted them may not be accepted, if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit ASBA Forms.
- (h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated SCSB Branch where the ASBA Account is maintained.
- (i) Upon receipt of the ASBA Form, the Designated SCSB Branch may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated SCSB Branch may not accept such Bids and such bids are liable to be rejected.
- (l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated SCSB Branch to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.



- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Accounts, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the 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 Accounts designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (iv) above may be transferred to the Public Issue Accounts, and (v) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder other than Anchor Investors to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Issue Closing Date.

#### **2.1.7.5 Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RIB Category, Retail Individual Shareholder and are only eligible for discount. For Discounts issued in the Issue, Bidders may refer to the RHP/ Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may block the Bid Amount less Discount.
- (d) Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

#### **2.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder, then the signature of the ASBA Account holder(s) is also required.
- (c) The signature has to be correctly affixed in the authorization/ undertaking box in the ASBA Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.



- (d) Bidders/ Applicants must note that Bid cum Application Form without signature of Bidder/Applicant and/ or ASBA Account holder is liable to be rejected.

### **2.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.
- (b) All communications in connection with Bids/Applications made in the Issue may be addressed as under:
  - (i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, refund intimations, the Bidders should contact the Registrar to the Issue.
  - (ii) In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated SCSB Branch.
  - (iii) In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.
  - (iv) In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker.
  - (v) In case of Bids submitted to the RTA, the Bidders should contact the relevant RTA.
  - (vi) In case of Bids submitted to the CDP, the Bidders should contact the relevant DP.
  - (vii) Bidder may contact the Company Secretary and Vice President - Legal and Compliance Officer or the BRLM(s) in case of any other complaints in relation to the Issue.
- (c) The following details (as applicable) should be quoted while making any queries –
  - (i) full name of the sole or First Bidder, Bid cum Application Form number, Bidders' 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 Bid was submitted;
  - (iii) in case of Bids other than from Anchor Investors, ASBA Account number in which the amount equivalent to the Bid Amount was blocked; or
  - (iv) in case of Bids by Anchor Investor, details of direct credit and name of the issuing bank thereof.

For further details, Bidder may refer to the RHP/Prospectus and the Bid cum Application Form.

### **2.2 INSTRUCTIONS FOR FILLING THE REVISION FORM**

- (a) During the Bid/Issue Period, any Bidder (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RIB may revise their bids or withdraw their Bids on or before the Bid/Issue Closing Date.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder can make this revision any number of times during the Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Designated Intermediary through which such Bidder/ Applicant had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.



A sample revision form is reproduced below:

Sample of Common Revision form

<b>COMMON REVISION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - REVISION R</b> Registered Office: _____	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS
<b>LOGO</b>	To, The Board of Directors <b>XYZ LIMITED</b>	<b>FIXED PRICE ISSUE</b> ISIN - INEXXXXXXX
		Application Form No. _____
BROKER/SCSB/DP/RTA STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE	ISSUE OPENS ON : _____ ISSUE CLOSES ON : _____
BANK BRANCH STAMP & CODE	BANK BRANCH SERIAL NO.	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b>
REGISTRAR'S SERIAL NO.		Mr. / Ms. _____
		Tel. No. (with STD code) / Mobile _____
		<b>2. PAN OF SOLE / FIRST APPLICANT</b>
		<b>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL
		For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID
<b>PLEASE CHANGE MY APPLICATION</b>		<input type="checkbox"/> <b>PHYSICAL</b>
<b>4. FROM (as per last Application or Revision)</b>		
<b>Options</b>	<b>No. of Equity Shares applied</b> (Application must be in multiples of _____ equity shares) (In Figures)	<b>Price per Equity Share ₹</b> (In Figures)
	7 6 5 4 3 2 1	Issue Price      Discount, if any      Net Price
Option 1		
(OR) Option 2	NOT APPLICABLE	NOT APPLICABLE
(OR) Option 3	NOT APPLICABLE	NOT APPLICABLE
<b>5. TO (Revised Application)</b>		
<b>Options</b>	<b>No. of Equity Shares applied</b> (Application must be in multiples of _____ equity shares) (In Figures)	<b>Price per Equity Share ₹</b> (In Figures)
	7 6 5 4 3 2 1	Issue Price      Discount, if any      Net Price
Option 1		
(OR) Option 2	NOT APPLICABLE	NOT APPLICABLE
(OR) Option 3	NOT APPLICABLE	NOT APPLICABLE
<b>6. PAYMENT DETAILS</b>		
<b>Amount Paid (₹ in figures)</b> _____		<b>PAYMENT OPTION : Full Payment</b>
<b>ASBA Bank A/c No.</b> _____		<b>(₹ in words)</b> _____
<b>Bank Name &amp; Branch</b> _____		
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND HEREBY AGREE AND CONFIRM THE 'INVESTORS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF.		
<b>7A. SIGNATURE OF SOLE / FIRST APPLICANT</b>	<b>7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S)</b> (AS PER BANK RECORDS)	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Application in Stock Exchange system)</b>
Date: _____, 2017	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue 1) _____ 2) _____ 3) _____	
----- TEAR HERE -----		
<b>LOGO</b>	<b>XYZ LIMITED</b> INITIAL PUBLIC ISSUE - REVISION - R	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>
		Application Form No. _____
DPID / CLID	Bank & Branch	PAN of Sole / First Applicant
Additional Amount Paid (₹ in figures)	ASBA Bank A/c No.	SCSB Branch Stamp & Signature
ASBA Bank A/c No.	Received from Mr./Ms. _____	
Telephone / Mobile	Email	
----- TEAR HERE -----		
<b>XYZ LIMITED - REVISION - R</b>	<b>No. of Equity Shares</b>	<b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b>
	In Figure      In Words	Name of Sole / First Applicant
Additional Amount Paid (₹)		_____
ASBA Bank A/c No.		<b>Acknowledgement Slip for Applicant</b>
Bank & Branch		Application Form No. _____



Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

**2.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER, PAN OF SOLE/ FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER**

Bidders should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

**2.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIBs and Retail Individual Shareholders, such Bidders should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIBs and Bids by under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the Allotment is finalised.

**2.2.3 FIELD 6: PAYMENT DETAILS**

- (a) All Bidders are required to authorise blocking of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form . In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount issued, if any.
- (b) Bidder may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.



- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required to be blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
- (d) In case of a downward revision in the Price Band, RIBs and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the finalisation of the Basis of Allotment.

#### **2.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### **2.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

#### **2.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER, PAN OF SOLE/ FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### **2.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- (a) The Issuer may mention the Issue Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs. 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIBs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed Rs. 200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.



- (h) 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 FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder and may be rejected.
  - ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids 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.
- (i) The following applications may not be treated as multiple Bids:
- i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
  - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its subaccounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

### **2.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS**

- i. The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- iii. The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

### **2.3.4 FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

### **2.3.5 FIELD 7: PAYMENT DETAILS**

- (a) All Bidders (other than Anchor Investors) are required to only make use of ASBA for applying in the Issue.
- (b) Bid Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

#### **2.3.5.1 Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

#### **2.3.5.2 Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.



### 2.3.5.3 Discount (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

### 2.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

### 2.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM

**Bidders may submit completed Bid-cum-application form/ Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investor s Application Form	To the Lead Managers of the Syndicate at the locations mentioned in the Anchor Investor Application Form
ASBA Form	(a) To the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the CDP at the designated CDP Location . (b) To the Designated SCSB Branches

- (a) Bidders should submit the Revision Form to the same Designated Intermediary through which such Bidder had placed the original Bid.
- (b) Upon submission of the Bid-cum-Application Form, the Bidder will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/ Applicant.
- (c) Upon determination of the Issue Price and filing of the Prospectus with the ROC the Bid-cum-Application Form will be considered as the application form.

## SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of the SEBI ICDR Regulations. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

### 5.1 SUBMISSION OF BIDS

- (a) During the Bid/Issue Period, Bidders may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Lead Managers to register their Bid.
- (b) In case of Bidders (excluding NIBs and QIBs) Bidding at Cut-off Price the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders are requested to refer to the RHP.

## 5.2 ELECTRONIC REGISTRATION OF BIDS

- (a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Issue Closing Date, Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries (i) are given till 1:00 pm on the next Working Day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the after which the Stock Exchange(s) send the bid information to the Registrar further processing. Bid/Issue Period with respect to the Bidders other than the Bids received from the Retail Individual Bidders and (ii) shall submit the Bid cum Application Form and modification (at periodic intervals) on a day to day basis during the Bid/Issue Period with respect to Bids received from Retail Individual Bidders after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

## 5.3 BUILD UP OF THE BOOK

- (a) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the Lead Managers at the end of the Bid/Issue Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Issue Period.

## 5.4 WITHDRAWAL OF BIDS

- (a) RIBs can withdraw their Bids until Bid/Issue Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of Basis of Allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

## 5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - i. the Bids accepted by the Designated Intermediaries,
  - ii. the Bids uploaded by the Designated Intermediaries, and
  - iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to



reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

- (e) All bids by QIBs, NIBs & RIBs Bids can be rejected on technical grounds listed herein.

### 5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Lead Managers Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/ Applicants are advised to note that the Bids/Applications are liable to be rejected, among other things, on the following grounds, which have been detailed at various placed in this GID:

- (a) Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids by OCBs;
- (c) In case of partnership firms, Bid for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/ Application Form;
- (e) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) PAN not mentioned in the Bid cum Application Form except for Bids by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (i) Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- (j) Bids at a price less than the Floor Price & Bids/ Applications at a price more than the Cap Price;
- (k) Bids at Cut-off Price by NIBs and QIBs;
- (l) The amounts mentioned in the Bid cum Application Form do not tally with the amount payable for the value of the Equity Shares Bid for;
- (m) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (n) Submission of more than five Bid cum Application Forms through a single ASBA Account;
- (o) Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (p) Multiple Bids as defined in this GID and the RHP/ Prospectus;
- (q) Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- (r) In case of Anchor Investors, Bids were sufficient funds are not available in Anchor Investor Escrow Accounts as per final certificate from the Escrow Collection Banks;
- (s) Where no confirmation is received from SCSB for blocking of funds;
- (t) Bids by Bidders (other than Anchor Investors) not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non-Institutional Bidders accompanied with cheque(s) or demand draft(s);
- (u) Bids submitted to a Designated Intermediary at locations other than the Bidding Centres or to the Escrow Collection Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;
- (v) Bids not uploaded on the Stock Exchanges bidding system; and;



- (w) Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form.

## 5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/ Prospectus. For details in relation to allocation, the Bidder may refer to the RHP/ Prospectus.
- (b) Under-subscription in any category (except QIB Category) is allowed to be met with spillover from any other category or combination of categories at the discretion of the Issuer and in consultation with the Lead Managers and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed Category in QIB Category is not available for subscription to other categories.
- (c) In case of under subscription in the Net Issue, spill-over to the extent of such under subscription may be permitted from the Reserved Category to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/ Applicants may refer to the RHP.

### (d) Illustration of the Book Building and Price Discovery Process

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the issuer at various prices and is collated from Bids received from various investors.

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

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., 22.00 in the above example. The issuer, in consultation with the Lead Managers, may finalise the issue price at or below such cut-off price, i.e., at or below 22.00. All Bids at or above this issue price and cut-off bids are valid Bids and are considered for allocation in the respective categories.

### (e) Alternate Method of Book Building

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding (“Alternate Book Building Process”).



The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/ or quantity and also decide whether a Bidder be allowed single or multiple bids.

## **SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated SCSB Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net issue to the public category is made as follows: minimum fifty percent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders may refer to the relevant section of the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to RHP/ Prospectus. No Retail Individual Bidder is will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Issue (excluding any Issue for Sale of specified securities). However, in case the Issue is in the nature of Issue for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIBs**

Bids received from the RIBs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total



number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot (“**Maximum RIB Allottees**”). The Allotment to the RIBs will then be made in the following manner:

- (a) In the event the number of RIBs who have submitted valid Bids in the Issue is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIBs who have submitted valid Bids in the Issue is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

## 7.2 ALLOTMENT TO NIBs

Bids received from NIBs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Portion.

## 7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Portion; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

## 7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Issuer and the Selling Shareholders in consultation with the Lead Managers, subject to compliance with the following requirements:
  - i. not more than 60% of the QIB Category will be allocated to Anchor Investors;



- ii. one-third of the Anchor Investor Category shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to Rs. 100 million;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs. 100 million and up to Rs. 2,500 million subject to minimum Allotment of Rs. 50 million per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs. 2,500 million and an additional 10 Anchor Investors for every additional Rs. 2,500 million or part thereof, subject to minimum Allotment of Rs. 50 million per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

#### **7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE**

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and



- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Public Issue Accounts with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Category shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders 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 Bidders/ Applicants who have been Allotted Equity Shares in the Issue.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of Equity Shares to the successful Bidders Depository Account will be completed within six Working Days of the Bid/Issue Closing Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing a commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may initiate corporate actions for credit to Equity Shares the beneficiary account with Depositories, and within six Working Days of the Bid/Issue Closing Date.

### 8.2 GROUNDS FOR REFUND

#### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/ list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/ Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/ Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than Rs. 5 lakhs but which may extend to Rs. 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3 lakhs, or with both.



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 take steps to refund, without interest, all moneys received from Bidders.

If such money is not refunded to the Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/ Prospectus.

#### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any issue for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Issue Closing Date and repay without interest, all moneys received from Anchor Investors.. In case the Issue is in the nature of Issue for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue involving a fresh Issue and the Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Issue for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 days from the Bid/Issue Closing Date, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum.in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

#### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

#### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Issue under Regulation 26(2) of SEBI ICDR Regulations but fails to Allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

### **8.3 MODE OF REFUND**

- (a) In case of ASBA Bids: Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Accounts on for unsuccessful Bid and also or for any excess amount blocked on Bidding.
- (b) **In case of Anchor Investors:** Within six Working Days of the Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories the bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.



### 8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- (a) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors’ bank is NEFT enabled and has been assigned the Indian Financial System Code (“IFSC”), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (b) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (c) **RTGS**— Anchor Investors having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.

Please note that refunds through the modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if the refund instructions have not been given to the clearing system in the prescribed manner. Instructions for unblocking of funds in the ASBA Account are not dispatched within 15 days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Issue Closing Date, if Allotment is not made within the timelines prescribed under applicable law.

## 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.*

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/ Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/ Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges.
Allottee	An Bidder/ Applicant to whom the Equity Shares are Allotted



Term	Description
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Category in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Anchor Investor Escrow	Account opened with the Escrow Collection Bank and in whose favour the Anchor
Accounts	Investors will transfer money through NECS/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Anchor Investor Category	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the Lead Managers to Anchor Investors on a discretionary basis One-third of the Anchor Investor Category is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by	An application, whether physical or electronic, used by Bidders, other than Anchor
Blocked Amount/ / ASBA	investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with an SCSB which may be blocked by such SCSBs to the extent of the Bid Amount of the Bidder
ASBA Bidder	All Bidders except Anchor Investors.
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Anchor Investors Escrow Accounts for the Anchor Investors may be opened, and as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	Basis on which the Equity Shares may be Allotted to successful Bidders under the Issue
Bid	An indication to make an issue during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors pursuant to submission of the Anchor Investor Application Forms, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Issue Closing Date	The date after which the Syndicate, Registered Brokers, the SCSBs, RTAs , DP as the case may be, may not accept any Bids 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/ bidders may refer to the RHP/ Prospectus for the Issue Closing Date

Term	Description
Bid/Issue Opening Date	The date on which the Syndicate, the SCSBs, RTAs, DP as the case may be, may start accepting Bids 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/ bidders may refer to the RHP/ Prospectus for the Issue Opening Date
Bid/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 Bidders/ Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations. Applicants/ bidders may refer to the RHP/ Prospectus for the Issue Period
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the RHP/ Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder should be construed to mean an Bidder
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under the SEBI ICDR Regulations, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centres, along with the names and contact details of the Registered Broker are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
BRLM(s)/ Book Running	The Book Running Lead Manager to the Issue as disclosed in the RHP/ Prospectus and
Lead Manager(s)/ Lead	the Bid cum Application Form of the Issuer. In case of issues undertaken through the
Manager/ LM	fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
CAN/ Confirmation of	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who
Allocation Note	have been allocated the Equity Shares, after the Anchor Investor Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository	A depository participant as defined under the Depositories Act, 1996, registered with
Participant or CDPs	SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/ Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number



Term	Description
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details
Designated SCSB Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders (excluding Anchor Investors) 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 Bidders can submit the ASBA Forms The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	Date on which funds are transferred by the Escrow Collection Banks from the Anchor Investor Escrow Accounts and instructions are given to the SCSBs to unblock the ASBA Accounts and transfer the amounts blocked by the SCSBs from the ASBA Accounts, as the case may be, to the Public Issue Accounts or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and the aforesaid transfer and instructions shall be issued only after the finalisation of Basis of Allotment in consultation with the Designated Stock Exchange
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/ Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/ Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Equity Shares	Equity Shares of the Issuer
Escrow Agreement	Agreement entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
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	The Fixed Price process as provided under the SEBI ICDR Regulations, in terms of

Term	Description
Process/ Fixed Price Method	which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital 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 offer/ further public offer 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 RIB Allottees	The maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/ Prospectus and Bid cum Application Form
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 issue or invitation under the Issue and in relation to whom the RHP/ Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIBs	All Bidders, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The Category of the Issue being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/ Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs and FVCIs registered with SEBI
OCB/ Overseas Corporate	A company, partnership, society or other corporate body owned directly or indirectly to



Term	Description
Body	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 issue of such number of Equity Shares as disclosed in the RHP/ Prospectus through an issue for sale by the Selling Shareholders
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than retail individual bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Accounts	Bank accounts opened under Section 40(3) of the Companies Act, 2013, to receive monies from the Anchor Investor Escrow Accounts and the ASBA Accounts on the Designated Date
QIB Category	The Category of the Issue being such number of Equity Shares to be allocated to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are issued and the size of the Issue. The RHP may be filed with the RoC at least three days before the Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI

Term	Description
Registrar to the Issue/ RTI	The Registrar to the Issue as disclosed in the RHP/ Prospectus and Bid cum Application Form
Reserved Portion/ Categories	Categories of persons eligible for making application/ Bidding under reservation Category
Reservation Portion	The Category of the Issue reserved for such category of eligible Bidders as provided under the SEBI ICDR Regulations
Retail Individual Bidders/	Bidders who apply or bid for a value of not more than Rs. 200,000 in any of the bidding
RIBs	options in the Issue (including HUFs applying through their Karta), which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion, and the remaining Equity Shares to be Allotted on a proportionate basis 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 RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders, including ASBA Bidders, in an issue through Book Building Process to modify the quantity of Equity Shares and/ or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self-Certified Syndicate Bank(s) or SCSB(s)	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/1480483399603.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1480483399603.html</a> and updated from time-to-time
Specified Locations	Refer to definition of Broker Centres
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/ 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 collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)/ SM	The Syndicate Member(s) as disclosed in the RHP/ Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Working Day” means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, “Working Days” shall mean all days, excluding Saturdays, Sundays and public holidays, on which the commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays



Term	Description
	as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016



## RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India (“**Industrial Policy**”) and Foreign Exchange Management Act, 1999 (“**FEMA**”). While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Accordingly, the process for Foreign Direct Investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”).

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. DIPP issued Consolidated FDI Policy Circular of 2017 (“**FDI Policy 2017**”), which with effect from August 28, 2017. The FDI Policy incorporates the changes made in the past year, including liberalization of sectors such as construction, defence, broadcasting, single brand retail trading and LLPs. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a Non-resident does not require the prior approval of the FIPB or the RBI, subject to fulfilment of certain conditions as specified by DIPP / RBI, from time to time. Such conditions include (i) the activities of the investee company are under the automatic route under the foreign direct investment Policy (“**FDI Policy 2016**”) and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI and such other conditions as provided in the FDI Policy from time to time. Investors are advised to refer to the exact text of the relevant statutory provisions of law before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company.

**The Equity Shares have not been and will not be registered under the U.S Securities Act of 1933, as amended (U.S. Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. Persons (as defined in Regulation S), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transaction in reliance on Regulation S under the U.S Securities Act and the applicable laws of the jurisdiction where those offers and sale occur. However, the Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

The above information is given for the benefit of the Applicants. Our Company and the 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 Applications are not in violation of laws or regulations applicable to them.



## SECTION VIII – MAIN PROVISION OF ARTICLES OF ASSOCIATION

Following are the extracts of Articles of Association which were adopted pursuant to special resolution passed by Members on August 20, 2018 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

### SHARE CAPITAL AND VARIATION OF RIGHTS

3. 1) The Authorised 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 in accordance with the Company's regulations and legislative provisions for the time being in force on that behalf with the powers to divide the share capital, whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such manner as may for the time being be provided by the Regulations of the Company and allowed by law.
  - 2) Shares and other securities issued by the Company from time to time may be issued in dematerialized form pursuant to the Depository Act, 1996. Besides, the Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the Depositories.
  - 3) The Company or an investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification thereto or re-enactment thereof.
4. Subject to the provisions of these Articles and of the Act, the shares in the capital of the Company shall be under the control of the Board of Directors, who may issue, allot or otherwise dispose off the same to such persons, on such terms and conditions and at such time as they think fit and with full power to give any person the option to call of or be allotted shares of the Company of any class, either at a premium or at par and for such time and for such consideration as the Board of Directors think fit (subject to the provisions of Section 53, 54, 56 and 58 of the Act), provided that option or right to call of shares shall not be given to any person except with the sanction of the Company in General Meeting. The Board shall cause to be made the returns as the allotment provided for in Section 39 of the Act.
5. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the register shall, for the purposes of the Articles, be a member.
6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 48 of the Act, 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 a sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
  - (ii) To every such separate meeting, the provisions of these regulations relating 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.
7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise 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 paripassu therewith.
8. (1) The company may exercise the powers of paying commissions conferred by Section 40 of the Act, 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 the Section.



- (2) The rate or amount of commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
  - (3) The commission may be satisfied by payment in cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
  - (4) The Company may also, on any issue of shares, pay such brokerage as may be lawful.
9. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment (or within such other period as the conditions of issue shall provide) or within one month after the application for the registration of transfer or transmission is received by the Company.
- (a) One certificate for all his shares without payment of any charges, or
  - (b) Several certificates, each for one or more of his shares, provided that any subdivision, consolidation or splitting of certificates required in marketable lots shall be done by the Company free of any charges.
- (2) Every certificate shall specify the shares to which it relates and the amount paid up thereon and shall be signed by two directors or by a director and the company secretary, wherever the company has appointed a company secretary.

Provided that in case the company has a common seal it shall be affixed in the presence of the persons required to sign the certificate.

- (3) 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.

Provided that every person subscribing to securities offered by the Company shall have the option either to receive the share/ security certificates or to hold shares/ securities in a dematerialised form.

10. The Company agrees, that it will not charge any fees exceeding those which may be agreed upon with the Stock Exchange.
- (i) for issue of new certificates in replacement of those that are torn out, defaced, mutilated, or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, 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;
  - (ii) for sub-division and consolidation of shares and debenture certificates and for subdivision of Letters of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading.
  - (iii) The provisions of Articles (9) and (10) shall mutatis mutandis apply to debentures of the company.
11. If any shares stand in the names of two or more persons, the person first named in the register of members shall as regards receipt of dividends, the service of notices and subject to the provisions of these Articles, all or any other matter connected with the Company except the issue of share certificates, voting at meeting and the transfer of the share, be deemed the sole holder thereof.
12. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### **LIEN**

13. Subject to the provisions of Companies Act, 2013 the Company shall have a first and paramount lien upon all the shares (not being a fully paid up share) for all monies (presently payable) registered in the name of such member (whether solely or jointly with others) and upon the proceeds of sale thereof for



his debts, liabilities and engagements (whether presently payable or not) solely or jointly with any other person, to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually lien or not and such lien shall extend to all dividends, from time to time, declared in respect of shares, subject to section 123 of the Companies Act 2013. The Board of Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this clause.

14. The Company may sell, in such manner as the Board think fit, any share on which the Company has a lien provided that no sale shall be made :-
  - (a) unless a sum in respect of which the lien exists is presently payable; or
  - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
15. (1) To give effect to any such sale as given in Article 14, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
  - (2) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.
  - (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.
16. (1) The proceeds of the sale shall be received by the company and applied in payment of the whole or part of the amount in respect of which the lien exist as is presently payable.
  - (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares as the date of sale, be paid to the person entitled to the shares at the date of the sale.

#### **CALLS ON SHARES**

17. (1) The Board of Directors may, from time to time, make calls upon the members in respect of money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
  - (2) Each member shall, subject to receiving at least Fourteen days' notice specifying the time or times and place of payment of the call money pay to the Company at the time or times and place so specified, the amount called on his shares.
  - (3) A call may be revoked or postponed at the discretion of the Board.
18. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed. Call money may be required to be paid by instalments.
19. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
20. (1) 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 percent or at such lower rate, if any as the Board may determine.
  - (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
21. (1) Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the shares or by way of premium, shall for 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.



- (2) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

22. Subject to the applicable provisions of the Act, the Board :-

- (a) May, if it thinks fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him; and
- (b) If it thinks fit, may pay interest upon all or any of the moneys advanced on uncalled and unpaid shares (until the same would but for such advance become presently payable) at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 12% (twelve percent) per annum as may be agreed upon between the Board and the member paying the sums or advances, Money so paid in advance shall not confer right to dividend or to participate in profits.

#### **TRANSFER OF SECURITIES**

23. The instrument of transfer of any securities in the Company shall be executed by or on behalf of both the transferor and the transferee;

Provided that no instrument of transfer/ deed of transfer shall be necessary as regards transfer of shares or other securities held in dematerialized form and such transfers shall be registered in accordance with the applicable regulations of the Depositories Act, 1996;

24. The Board of Directors may, subject to the right of appeal conferred by Section 58 of the Companies Act, 2013 decline to register :-

- (a) the transfer of a share not being a fully paid up share, to a person of whom they do not approve; or
- (b) any transfer of the share on which the Company has a lien, provided that the registration transfer shall not be refused on the ground of transferor being either alone or jointly with any person or persons indebted to the Company on any account except a lien.

25. The Board may decline to recognize any instrument of transfer unless:-

- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.

26. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

#### **TRANSMISSION OF SECURITIES**

27. (a) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.
- (b) Nothing in clause (a) 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.



28. (a) 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 :-
- (i) to be registered himself as holder of the share; or
  - (ii) to make such transfer of the share as the deceased or insolvent member could have made.
- (b) The Board shall, in either case, have the same right to decline or suspend registrations it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
29. (a) 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.
- (b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (c) 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.
30. On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

#### **FORFEITURE OF SHARES**

31. 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.
32. The notice aforesaid shall:-
- (a) name a further day (not being earlier than the expiry of 14 (fourteen) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
33. 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. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture, which shall be the date on which the resolution of the Board is passed forfeiting the shares.
34. (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale or disposal, as aforesaid, the Board may annul the forfeiture on such terms as it thinks fit.



35. (1) 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 moneys which, at date of forfeiture, were presently payable by him to the Company in respect of the shares.
- (2) The Liability of such person shall cease if and when the Company shall have received payments in full of all such money in respect of the shares.
36. (1) 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.
- (2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off.
- (3) The transferee shall thereupon be registered as the holder of the share.
- (4) The transferee shall not 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.
37. 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.

#### **CONVERSION OF SHARES INTO STOCK**

38. The Company may, in compliance with applicable provisions of Act:-
- (a) convert any paid-up shares into stock; and
- (b) reconvert any stock into paid-up shares of any denomination authorised by these regulations.
39. 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 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.

40. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting 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.
41. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholder" respectively.

#### **SHARE WARRANTS**

42. The Company may issue share warrant, subject to and in accordance with, the provisions of the Companies Act 2013 and accordingly the Board may in its discretion with respect of 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) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share; and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.



43. (1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for 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 clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
- (2) Not more than one person shall be recognised as depositor of the share warrant.
- (3) The Company shall, on two days written notice, return the deposited share warrant to the depositor.
44. (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting 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.
- (2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the register of member as the holder of the shares including in the warrant and he shall be deemed to be a member of the Company in respect thereof.
45. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction of the original.

#### **ALTERATION OF CAPITAL**

46. The Company may, from time to time, by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall specify.
47. Subject to the provisions of Section 61 or any other applicable provisions of Act (including any statutory modification or enactment as amended from time to time), the Company may, by ordinary resolution in general meeting:
- (a) consolidate and divide all or any of its capital into shares of larger amounts than its existing shares;
- (b) sub-divide its shares or any of them, into shares of similar amounts than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- (c) cancel any share which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
48. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law :-
- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.
49. The Company may, from time to time, by special resolution and on compliance with the provisions of Section 66 of the Act, reduce its share capital.
50. The Company shall have power to pay interest out of its capital on so much of shares which were issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant for the Company in accordance with the provisions of the Act.
51. The Company, if authorised by a special resolution passed at a General Meeting may amalgamate or cause itself to be amalgamated with any other person, firm or body corporate, subject however, to the provisions of Section 230 to 232 of the Act.



## **BUY-BACK OF SHARES**

52. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

## **GENERAL MEETING**

53. All General Meetings other than the Annual General Meetings of the Company shall be called Extra-Ordinary General Meetings.
54. (1) The Board may, whenever it thinks fit call an Extraordinary General Meeting.
- (2) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

## **PROCEEDINGS AT GENERAL MEETINGS**

55. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been stated in the notice by which it was convened or called.
56. (1) 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.
- (2) Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act.
- Furthermore, A body corporate, being member, shall be deemed to be personally present if it is represented in accordance with Section 113 of the Act.
57. The Chairman, if any of the Board shall preside as Chairman at every general meeting of the company.
58. If there is no such Chairman or if he is not present within fifteen minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting.
59. If at any meeting no Director is willing to act as Chairman or if no Director is present within 15 (fifteen) minutes of the time appointed for holding the meeting, the members present shall elect one of their members to be the Chairman of the meeting.
60. No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.

## **ADJOURNMENT OF MEETING**

61. (1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place.
- (2) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the adjournment took place.
- (3) When a meeting is adjourned for thirty days or more, fresh notice of any adjourned meeting shall be given as in the case of an original meeting.
- (4) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

## **VOTING RIGHTS**

62. Subject to any rights or restrictions for the time being attached to any class or classes of shares:
- (a) on a show of hands, every member present in person shall have one vote; and



- (b) on a poll, the voting rights of members shall be as laid down in Section 47 of the Act.
63. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of joint holders stand in the Register of members.
64. 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.
65. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
66. No member shall be entitled to vote at any general meeting unless all calls and other sums presently payable by him in respect of shares in the Company or in respect of shares, on which the Company has exercised any right of lien, have been paid.
67. (1) 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.
- (2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.

#### **PROXY**

68. 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.
69. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
70. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### **BOARD OF DIRECTORS**

71. The number of Directors of the Company shall not be less than three and not more than fifteen.
72. The following are the first directors of the Company:-
1. Rohit Toshniwal
  2. Sadhana Toshniwal
73. At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 152 of the Act or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office in accordance with the provisions of Sections 152 of the Act.
74. (1) Subject to the provisions of the Companies Act, 2013 and Rules made there under each Director shall be paid sitting fees for each meeting of the Board or a committee thereof, attended by him a sum not exceeding the amount decided by the Board in their meeting but not exceeding Rs. 1 Lac per meeting per Director.
- (2) Subject to the provisions of Section 197 of the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as



the Company in General Meeting may, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and in such manner as the Board may, from time to time, determine and in default of such determination, shall be divided among the directors equally of is so determined paid on a monthly basis.

- (3) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- (4) Subject to the provisions of Sections 197 of the Act, if any Director be called upon to perform any extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may pay such Director special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or by percentage of profit otherwise and may allow such Director at the cost and expense of the Company such facilities or amenities (such as rent free house, medical aid and free conveyance) as the Board may determine from time to time.
- (5) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid in accordance with company's rules to be made by the Board all travelling, hotel and other expenses properly incurred by them :-
  - (a) In attending and returning from meetings or adjourned meeting of the Board of Directors or any committee thereof; or
  - (b) In connection with the business of the Company.

75. The Directors shall not be required to hold any qualification shares in the Company.

76. Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

77. If it is provided by any trust deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company then in the case of any and every such issue of debentures, the persons having such power may exercise such power, from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be liable to retire by rotation.

78. In the course of its business and for its benefit the Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm, corporation, government, financing institution or other authority that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Directors may deem fit. Such nominees and their successors in office appointed under this Article shall be called Nominee Directors. Nominee Directors shall be entitled to hold office until requested to retire by the government, authority, person, firm, institution or corporation who may have appointed them and will not be bound to retire by rotation. As and whenever a Nominee Director vacates office whether upon request as aforesaid or by death, resignation or otherwise the government, authority, person, firm, institution or corporation who appointed such Nominee Director may if the agreement so provide, appoint another Director in his place.

79. Subject to the provisions of Section 161 of the Act, the Board of Directors shall have power to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from India.

80. The Directors shall have power, at any time and from time to time, to appoint any qualified person to be a director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting



of the Board. Any person so appointed shall held office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

81. A person may be or become a director of any company promoted by the company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company. Such Director, before receiving or enjoying such benefits in case in which the provisions of Section 188 of the Act are attracted will ensure that the same have been complied with.
82. Every nomination, appointment or removal of a Special Director shall be in writing and in accordance with the rules and regulations of the government, corporation or any other institution. A Special Director shall be entitled to the same rights and privileges and be subject to same obligations as any other Director or the Company.
83. Every Director present at any meeting of the Board or a committee thereof shall sign his name in a book to be kept for that purpose, to show his attendance thereat.

#### **POWERS OF BOARD OF DIRECTORS**

84. The Board of directors may pay all expenses incurred in the formation, promotion and registration of the Company.
85. The Company may exercise the powers conferred on it by Section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those Sections) make and vary such regulations as it may think fit with respect to the keeping of any such register.
86. The Directors may enter into contracts or arrangements on behalf of the Company subject to the necessary disclosures required by the provisions of Section 184 of the Act being made wherever any Director is in any way, whether directly or indirectly concerned or interested in the contract or arrangements.

#### **BORROWING POWER**

87. Subject to the provisions of Sections 73, 76, 179, and 180 of the Act, and the Regulations thereunder and Directions issued by the RBI, Directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property (both present and future), or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.
88. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit subject to the provisions of Section 73 & 76 of the Act and rules framed thereunder.
89. 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.

#### **PROCEEDINGS OF THE BOARD**

90.
  - 1) Subject to the provisions of the Act, the Board of directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
  - 2) The Chairperson or any other director with the previous consent of the Board may, and the Company Secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board.
  - 3) The quorum for a Board Meeting shall be as provided in the Act.
  - 4) The participation of directors in a meeting of the Board 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.



91. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of vote.  
(2) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.
92. 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 for summoning a General meeting of the Company, but for no other purpose.
93. (1) The Board may elect one of its members as Chairman of its meetings and determine the period for which he is to hold office as such.  
(2) If no such Chairman is elected or if at any meeting the Chairman is not present within thirty minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.
94. Subject to the restrictions contained in Section 179 & 180 of the Act, the Board may delegate any of its powers to committees of the Board consisting of such member or members of its body as it think fit and it may, from time to time, revoke such delegation and discharge any such committee of the Board either wholly or in part, and either as to persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
95. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last proceeding Article.
96. (1) A committee may elect a chairman of its meetings.  
(2) If no such chairman is elected or if at any meeting the chairman is not present within five minutes of the time appointed for holding the meeting, the members present may choose one of their members to be chairman of the meeting.
97. (1) A committee may meet and adjourn as it think proper.  
(2) 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 chairman shall have a second or casting vote.
98. All acts done by any meeting of the Board or by a committee thereof by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment or continuance in office of any such Directors or persons acting as aforesaid: or that they or any of them were disqualified or had vacated office or were not entitled to act as such or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, had duly continued in office was qualified, had continued to be a Director his appointment had not been terminated and he had been entitled to be a Director provided that nothing in this Article shall be deemed to give validity to any act done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
99. Subject to Section 175 of the Act and except a resolution which the Act requires specifically to be passed in any board meeting, a resolution in writing, signed by the majority 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 as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.



**CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY, CHIEF FINANCIAL OFFICER, MANAGING DIRECTOR(S) AND WHOLE TIME DIRECTOR(S)**

100. Subject to provisions of Section 196 & 197 of the Act, the Board of Directors may, from time to time, appoint one or more of their body to the office of Managing Directors or whole time Directors for a period not exceeding 5 (five) years at a time and on such terms and conditions as the Board may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment, and in making such appointments the Board shall ensure compliance with the requirements of the Companies Act, 2013 and shall seek and obtain such approvals as are prescribed by the Act, provided that a Director so appointed, shall not be whilst holding such office, be subject to retirement by rotation but his appointment shall automatically be determined if he ceases to be a Director.
101. The Board may entrust and confer upon Managing Director/s or whole time Director/s any of the powers of management which would not otherwise be exercisable by him upon such terms and conditions and with such restrictions as the Board may think fit, subject always to the superintendence, control and direction of the Board and the Board may, from time to time revoke, withdraw, alter or vary all or any of such powers.
102. Subject to the provisions of the Act, —
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
103. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

**THE SEAL**

104. (1) The Board shall provide a common seal for the purposes of the Company and shall have power, from time to time, to vary or cancel the same and substitute a new seal in lieu thereof. The Board shall provide for the safe custody of the seal for the time being.
- (2) Subject to any statutory requirements as to Share Certificates or otherwise, the seal of the company shall not be affixed to any Instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

**DIVIDENDS AND RESERVES**

105. The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
106. 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.
107. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.



- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
108. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
  - (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
109. 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.
110. (i) 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.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
111. 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.
112. 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.
113. No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.

#### **ACCOUNTS**

114. (1) The Board shall cause proper books of accounts to be maintained under Sections 128 & 129 of the Act.
- (2) 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.
  - (3) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

#### **AUDIT**

115. (a) The first Auditor of the Company shall be appointed by the Board of Directors within thirty 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.
- (b) The auditor shall hold office from the conclusion of First Annual General Meeting till conclusion of Sixth Annual General Meeting.
  - (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.



- (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.

### **CAPITALISATION OF PROFITS**

116. (1) The company in General Meeting may, upon the recommendation of the Board resolve :-
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss Account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) among the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provisions contained in clause (3), either in or towards :-
- (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
  - (iii) partly in the way specified in sub-clause (i) and partly in that is specified in sub-clause (ii).
- (3) Any share/securities premium account and any capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unissued share to be issued to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
117. (1) Whenever such as resolution as aforesaid shall have been passed, the Board shall :-
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, if any; and
  - (b) do all acts and things required to give effect thereto.
- (2) The Board shall have full power :-
- (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit in the case of shares becoming distributable in fractions; and also
  - (b) to 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;
- (3) Any agreement made under such authority shall be effective and binding on all such members.

### **WINDING UP**

118. Subject to the provisions of Chapter XX of the Act and rules made there under :-



- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **INDEMNITY**

119. Subject to the provisions of Companies Act 2013, every Director, Manager, Auditor, Secretary and other officers or servants of the Company shall be indemnified, out of the assets of the Company against any bonafide liability incurred by him in defending any bonafide proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 463 of the Companies Act 2013, in which relief is granted to him by the Court.

#### **SECRECY CLAUSE**

120. a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court or Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.



## **SECTION IX – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus to be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at Shree Bhawan, Ajmer Road, Madanganj Kishangarh, Rajasthan, India, from date of filing Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

#### **MATERIAL CONTRACTS TO THE ISSUE**

1. Mandate letter dated May 21, 2018 issue by the Lead manager to our Company.
2. Issue Agreement dated August 21, 2018 between our Company and the Lead Manager.
3. Underwriting Agreement dated [●] between our Company and the Underwriter.
4. Market Making Agreement dated August 21, 2018 between our Company, the Lead Manager and the Market Maker.
5. Agreement dated August 21, 2018 between our Company and the Registrar to the Issue.
6. Public Issue Account agreement dated [●] among our Company, the Lead Manager, the Public Issue Bank/Banker to Issue, and the Registrar to the Issue.
7. Tripartite agreement dated July 12, 2018, among NSDL, our Company and the Registrar to the Issue.
8. Tripartite agreement dated July 17, 2018, among CDSL, our Company and the Registrar to the Issue.

#### **MATERIAL DOCUMENTS TO THE ISSUE**

1. Our Memorandum and Articles of Association, as amended from time to time.
2. Our certificate of incorporation dated May 20, 2011 and fresh certificate of incorporation dated April 17, 2018 consequent to conversion of our Company to a public limited company.
3. Resolution of the Board of Directors dated August 13, 2018, authorising the Issue.
4. Resolution of the shareholders dated August 20, 2018, under section 62(1)(c) of the Companies Act, 2013 authorising the Issue.
5. Examination reports of the Auditors, M/s Patel Shah & Joshi, Chartered Accountants, dated August 30, 2018 on the Restated Financial Statements included in this Draft Prospectus.
6. Statement of tax benefits from BNG & Associates LLP, Chartered Accountants dated June 26, 2018.
7. Consents of Promoters, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, Peer Review Auditors, Banker to our Company, the Lead Manager, the Underwriter, the Market Maker, Registrar to the Issue, Legal Advisor to act in their respective capacities.



8. Copy of approval from NSE vide letter dated [●] to use the name of NSE in the Prospectus for listing of Equity Shares on Emerge Platform of NSE.
9. Due Diligence Certificate dated September 12, 2018 from the Lead Manager.
10. Copy of Managing Director Agreement with Mr. Norat Mal Choudhary and our Company dated August 13, 2018 for his appointment.
11. Copy of the Special Resolution dated August 20, 2018 for the detailed terms of appointment of Mr. Norat Mal Choudhary as Managing Director of the Company

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 other parties, with the approval of shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

We, the person/persons mentioned herein below, as Directors or otherwise, as mentioned, certify that all relevant provisions of the Companies Act, 2013, applicable provisions of Companies Act, 1956 and the rules or guidelines or regulations issued by the Government of India or the regulations / guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with while issuing the Draft Prospectus. No statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, applicable provisions of Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Prospectus are true and correct.

### Signed by the Directors of our Company

Name	DIN	Designation	Signature
Rohit Toshniwal	03507310	Chairman & Whole-Time Director	
Norat Mal Choudhary	03558999	Managing Director	
Prabha Lakhota	03559805	Non-Executive Director	
Sadhana Toshniwal	03515653	Non-Executive Director	
Shreya Garg	05335675	Non- Executive & Independent Director	
Ajay Jhanjhari	08178801	Non- Executive & Independent Director	

### Signed by Company Secretary & Compliance Officer and Chief Financial Officer

**Nikita Daga**  
**PAN: AUEPD3042R**  
**Company Secretary & Compliance Officer**

**Mukul Lakhota**  
**PAN: ACQPL9179F**  
**Chief Financial Officer**

**Date:** September 12, 2018

**Place:** Rajasthan

**Annexure A**

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY KHAMBATTA SECURITIES LIMITED**

**TABLE 1**

Sr. No.	Issue Name	Issue Size (Cr)	Issue Price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing Benchmark]- 30 <sup>th</sup> calendar day from listing	+/- % change in closing price, [+/- % change in closing Benchmark]- 90 <sup>th</sup> calendar day from listing	+/- % change in closing price, [+/- % change in closing Benchmark]- 180 <sup>th</sup> calendar day from listing
1	Rudrabhishek Enterprises Limited*	18.73	41.00	July 13, 2018	41.25	-1.38%	-	-

**TABLE 2: SUMMARY STATEMENT OF DISCLOSURE**

Financial year	Total no. of IPOs	Total funds raised (Rs. Cr.)	No. of IPOs trading at discount – 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium – 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount – 180 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium – 180 <sup>th</sup> calendar day 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%
2018-19	1*	18.73	-	-	1	-	-	-	-	-	-	-	-	-

\*In Table 1 and Table 2 the shares of company have not reached the consequent milestones.

Sources: [www.nseindia.com](http://www.nseindia.com)