



**H.K. Trade International Limited**

**Prospectus**  
Dated: August 18, 2015  
Please read Section 26 of Companies Act, 2013  
**Fixed Price Issue**

## H.K. TRADE INTERNATIONAL LIMITED


Our Company was originally formed as a partnership firm on October 6, 1993 in the name 'M/s. H. K. International'. On June 28, 2013, it got converted into a public limited company bearing the name 'H.K. Trade International Limited' under the Part IX of the Companies Act, 1956, having Corporate Identification No. U25203MH2013PLC244911 and having its Registered Office at Mumbai. Our Company was incorporated with the Registrar of Companies, Mumbai, Maharashtra on June 28, 2013 and received the commencement of business certificate on July 30, 2013. For details of the changes in our name and Registered Office, refer "History and Certain Corporate Matters" on page 97 of this Prospectus.

**Registered Office:** Office No. 9, 2<sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001, Maharashtra, India.

**Tel:** +91 – 22 – 2267 6700; **Email:** info@hktrade.in; **Website:** www.hktrade.in

**Contact Person:** Mr. Deep Shah, Company Secretary & Compliance Officer

**Our Promoter:** Mr. Mahesh Mehta

THE ISSUE	
PUBLIC ISSUE OF 12,72,000 EQUITY SHARES OF Rs. 10/- EACH ("EQUITY SHARES") OF H.K. TRADE INTERNATIONAL LIMITED ("HKTEL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT PRICE OF Rs. 18/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO Rs. 228.96 LACS ("THE ISSUE"), OF WHICH, 1,36,000 EQUITY SHARES OF Rs. 10/- EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (AS DEFINED IN THE CHAPTER TITLED "DEFINITIONS AND ABBREVIATIONS") (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. THE ISSUE OF 11,36,000 EQUITY SHARES OF Rs. 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 48.33% AND 43.16% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.	
THE FACE VALUE OF EQUITY SHARES IS Rs. 10. THE ISSUE PRICE IS Rs. 18. THE ISSUE PRICE IS 1.8 TIMES OF THE FACE VALUE.	
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 see "Issue Related Information" beginning on page 190 of this Prospectus.	
All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on page 196 of this Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.	
RISKS IN RELATION TO THE FIRST ISSUE	
This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is Rs. 10/- per Equity Share and the issue price is 1.8 times the face value. The Issue Price (as determined by Company in consultation with the Lead Manager) as stated under the chapter titled "Basis for Issue Price" beginning on page 60 of this Prospectus, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our company or regarding the price at which the equity shares will be traded after listing.	
GENERAL RISKS	
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the issue including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. <b>Specific attention of the Investors is invited to the statement of Risk Factors beginning on page 12 of this Prospectus.</b>	
ISSUER'S ABSOLUTE RESPONSIBILITY	
The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.	
LISTING	
The Equity Shares Issued through this Prospectus are proposed to be listed on the SME Platform of BSE Limited ("BSE"). In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being issued in this issue. However, our company has received an approval letter dated May 29, 2015 from BSE for using its name in this Offer Document for listing our shares on the SME Platform of BSE. For the purpose of this Issue, the Designated Stock Exchange will be the BSE Limited ("BSE").	
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>Intensive Fiscal Services Private Limited</b>  914, 9th Floor, Raheja Chambers,  Free Press Journal Marg,  Nariman Point, Mumbai – 400021,  Maharashtra, India.  Tel No.: +91 – 22 – 2287 0443/44/45  Fax No.: +91 – 22 – 2287 0446  Web: www.intensivefiscal.com  Email: ipo@intensivefiscal.com  Contact Person: Mr. Harish Khajanchi/Mr. Mudit Kankariya  SEBI Registration No.: INM000011112</p>	 <p><b>Sharex Dynamic (India) Private Limited</b>  Unit No.1, Luthra Ind. Premises.  Safed Pool, Andheri Kurla Road,  Andheri (E), Mumbai 400 072,  Maharashtra, India.  Tel: +91 - 22 - 2851 5606 / 5644 / 6338  Fax: +91 - 22 - 2851 2885  Website: www.sharexindia.com  Email: sharexindia@vsnl.com  Contact Person: Mr. K.C. Ajitkumar  SEBI Registration No.: INR000002102</p>
ISSUE OPENS ON	ISSUE CLOSSES ON
August 31, 2015	September 03, 2015

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

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

#### *Conventional / General Terms*

Term	Description
“HKTIL”, “the Company”, “our Company”, “Issuer”, “we”, “us” or “our” and “Issuer Company”	Unless the context otherwise indicates or implies, refers to H.K. Trade International Limited, a public limited company incorporated under the Companies Act, 1956 with its registered office at Office No. 9, 2 <sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400001, Maharashtra, India

#### *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.
Board, Board of Directors or our Board	The board of directors of our Company duly constituted from time to time, including all duly constituted committees thereof.
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
Companies Act, 1956	The Companies Act, 1956, as amended from time to time
Companies Act, 2013	The Companies Act, 2013 published on August 29, 2013 and applicable to the extent notified by MCA till date.
Director(s)	The director(s) of our Company.
Memorandum, our Memorandum or Memorandum of Association or MOA	The Memorandum Of Association of our Company, as amended from time to time.
Our Banker / Banker to our Company	HDFC Bank Limited
Our Group Entities / Group Entities / Group Companies	All companies or ventures which would be termed as Group Companies as per the definition given in Schedule VIII of SEBI ICDR Regulations, 2009. For details of Group Companies of the Company, please see the chapter titled “ <i>Our Promoter Group and Group Entities</i> ” beginning on page 115 of this Prospectus
Our Promoter / Promoter	Refers to Mr. Mahesh Mehta. For details, please see the section “ <i>Our Promoter</i> ” on page 112 of this Prospectus.
Our Promoter Group / Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(zb) of the SEBI Regulations and disclosed in the chapter titled “ <i>Our Promoter Group and Group Entities</i> ” on page 115 of this Prospectus.
Peer Reviewed Auditor	The peer reviewed auditor of our Company, being M/s. Talati & Talati, Chartered Accountants.
Registered Office	The Registered Office of our Company, situated at Office No. 9, 2 <sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400001, Maharashtra, India.
RoC / Registrar of Companies	The Registrar of Companies located at Everest Building, 100, Marine Drive, Mumbai 400 002, Maharashtra, India
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992

<b>Term</b>	<b>Description</b>
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (ICDR) Regulations / SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations / SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time depending on the context of the matter being referred to.
Statutory Auditor / Auditors of the Company	The statutory auditor of our Company, being M/s. Nirmal Nahata & Associates, Chartered Accountants.

### ***Issue Related Terms***

<b>Term</b>	<b>Description</b>
Allot / Allotment / Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares, pursuant to this Issue to the successful Applicants
Allocation / Allocation of Equity Shares	Unless the context otherwise requires, the allocation of Equity Shares pursuant to this Issue
Allottee	Successful Applicants to whom Equity Shares are / have been allotted.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company.
Applications Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by ASBA Applicant to make an Application authorizing an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue.
ASBA Account	Account maintained by an ASBA Applicants with an SCSB which will be blocked to the extent of the Application Amount.
ASBA Investor / ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, Non-Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
Banker(s) to this Issue / Escrow Collection Banks	The bank(s) which is / are clearing members and registered with the SEBI as bankers to the Issue with whom the Escrow Account have been opened, being Axis Bank Ltd, Ground Floor Jeevan Prakash Building, Sir P. M Road, Fort, Mumbai – 400001, Maharashtra, India..
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue and which is described in the Chapter titled “ <i>Issue Procedure</i> ” beginning on page 196 of this Prospectus.
Business Day	Monday to Friday (except public holidays)
Category III FPI	Investors including endowments, charitable societies, charitable trusts, foundations, corporate bodies, trust, individuals and family offices which are not eligible for registration under Category I and II under the SEBI (Foreign Portfolio Investors) Regulations, 2014.
CAN / Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Controlling Branches	Such branches of the SCSBs which co-ordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges 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,

Term	Description
	Occupation and Bank Account details.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant / DP	A Depository Participant as defined in the Depositories Act.
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time, in this case being CDSL and NSDL.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms from the ASBA Applicants and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">www.sebi.gov.in/pmd/scsb.pdf</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 Escrow Account to the Public Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSBs is transferred from the ASBA Account specified by the ASBA Applicants to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Applicants.
Designated Market Maker / Market Maker	Refers to K. M. Jain Stock Brokers Private Limited
Designated Stock Exchange	SME Exchange of BSE Limited
Eligible NRIs	NRIs from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to the Equity Shares issued herein.
Equity Shares	Equity Shares of our Company of face value of Rs. 10 each.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheque(s) or draft(s) in respect of the Application Amount when submitting an Application.
Escrow Agreement	Agreement entered into by our Company, the Registrar to the Issue, the LM and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants (excluding ASBA Applicants) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker(s) to the Issue at which the Escrow Account for the Issue will be opened.
Foreign Portfolio Investor / FPIs	Foreign Portfolio Investor as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014.
Indian GAAP	Generally Accepted Accounting Principles in India.
Issue / Issue Size / Initial Public Issue	Public Issue of 12,72,000 Equity Shares of Rs. 10/- each of H.K. Trade International Limited ("HKTIL" or the "Company" or the "Issuer") for cash at a price of Rs. 18/- per Equity Share (including a share premium of Rs. 8/- per Equity Share) aggregating to Rs. 228.96 lakhs. The Issue will constitute 48.33% of the post issue paid up capital of the Company.
Issue Closing Date	The date on which the Issue closes for subscription, being September 03, 2015.
Issue Opening Date	The date on which the Issue opens for subscription, being August 31, 2015.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants may submit their application.
Issue Price	The price at which the Equity Shares are being issued by our Company under this Prospectus being Rs. 18/-.
Issue Proceeds	Proceeds to be raised by our Company through this Issue.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our company and the SME Platform of BSE Limited.
LM / Lead Manager	Lead Manager to the Issue, in this case being Intensive Fiscal Services Private Limited.



<b>Term</b>	<b>Description</b>
Market Maker	K. M. Jain Stock Brokers Private Limited
Market Maker's Reservation Portion	The Reserved portion of 1,36,000 Equity shares of Rs. 10/- each at Rs. 18/- (including share premium of Rs. 8/-) per Equity Share aggregating to Rs. 24.48 Lakhs for Designated Market Makers in the Initial Public Issue of H.K. Trade International Limited.
Market Making Agreement	The agreement dated March 16, 2015 entered into between the Lead Manager, Designated Market Maker and our Company.
Mutual Funds	Means Mutual Fund registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 11,36,000 Equity Shares of Rs. 10/- each at Rs. 18/- (including share premium of Rs. 8/-) per Equity Share aggregating to Rs. 204.48 Lakhs by H.K. Trade International Limited.
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.
Non-Institutional Investor(s) / Applicant(s)	All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs)
Non Residents	A person resident outside India, as defined under FEMA.
Non Resident Indians / NRIs	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
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 trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
Payment through electronic transfer of funds	Payment through ECS, NEFT or Direct Credit, as applicable.
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date
Qualified Foreign Investors / QFIs	Non-resident investors other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs who meet 'know your client' requirements prescribed by SEBI
QIBs/ Qualified Institutional Buyers	Public financial institutions as defined in Section 2(72) of the Companies Act, 2013, Foreign Portfolio Investor other than Category III Foreign Portfolio Investor, AIFs, VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of Rs. 250 million, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, Government of India, eligible for Bidding and does not include FVCIs and multilateral and bilateral institutions.
Refund Account(s)	Account(s) opened with the Refund Bank(s) from which refunds if any, of the whole or part of the Payment Amount shall be made to the Applicants (excluding ASBA Applicants)
Refunds through electronic transfer of funds	Refunds made through ECS, Direct Credit, NEFT or the ASBA process, as applicable
Refund Banker(s)	The bank(s) which is/ are clearing members and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts have been opened, in this case being Axis Bank Ltd, Ground Floor Jeevan Praksh Building, Sir P. M Road,

<b>Term</b>	<b>Description</b>
	Fort, Mumbai – 400001, Maharashtra, India..
Registrar/ Registrar to the Issue	Registrar to the Issue being Sharex Dynamic (India) Private Limited.
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than 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)
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI (PFUTP) Regulations / PFUTP Regulations	SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003.
Self-Certified Syndicate Banks (SCSBs)	A Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
SME Platform of BSE	The SME Platform of BSE for listing of equity shares offered under Chapter XB of the SEBI (ICDR) Regulations which was approved by SEBI as an SME Exchange on September 27, 2011.
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited.
TRS / Transaction Registration Slip	The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application.
Underwriters	Intensive Fiscal Services Private Limited and K. M. Jain Stock Brokers Private Limited
Underwriting Agreement	The agreement dated March 16, 2015 entered into between the Underwriters and our Company.
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Working Days	Unless the context otherwise requires: (i) Till the Application / Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post the Application / Issue closing date: All days other than a Sunday or a public holiday And on which commercial banks in Mumbai are open for business in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.

#### ***Industry Related Terms***

<b>Term</b>	<b>Description</b>
HP	Horse Power
Ktpa	Kilo-Tonnes per Annum
LDPE	Low density polyethylene
Mtrs.	Meters
MW	Megawatt
Sq. Mtrs.	Square Meters
TPA/tpa	Tonnes Per Annum
TPM/tpm	Tonnes per Month

#### ***Conventional/General Terms/Abbreviations***

<b>Abbreviation</b>	<b>Full Form</b>
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
Asst	Assistant

<b>Abbreviation</b>	<b>Full Form</b>
AY	Assessment Year; the period of twelve months commencing from the first day of April every year
Bn	Billion
BSE	BSE Limited
CAD	Current Account Deficit
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CFO	Chief Financial Officer
CIN	Corporate Identity Number
CPC	Centralized Processing Center
CRR	Cash Reserve Ratio
CSO	Central Statistics Office
DIN	Director's Identification Number
DMO	Debt Management Office, Ministry of Finance
DP	Depository Participant
EBIDTA	Earnings before Interest, Depreciation, Tax, Amortisation and extra-ordinary items
ECB	External Commercial Borrowings
ECS	Electronic Clearing System
EGM	Extra-ordinary General Meeting
EPS	Earnings per Share
ESIC	Employee's State Insurance Corporation
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder, as amended
FII	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended
FIPB	Foreign Investment Promotion Board
FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FVCI	Foreign venture capital investor as defined in and registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GDP	Gross Domestic Product
GoI / Government	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority
I. T. Act	The Income Tax Act, 1961, as amended from time to time
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time
Ltd.	Limited
MoF	Ministry of Finance, Government of India
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended



<b>Abbreviation</b>	<b>Full Form</b>
MICR	Magnetic Ink Character Recognition
MoA	Memorandum of Association
MOU	Memorandum of Understanding
Mn	Million
MNC	Multi National Company
N.A.	Not Applicable
NAV	Net Asset Value being paid-up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued equity shares outstanding at the end of Fiscal.
NECS	Electronic Clearing System
NEFT	National Electronic Fund Transfer
NBFC	Non-Banking Finance Company
NRE Account	Non-resident External Account
NRO	Non-resident Ordinary Account
NRIs	Non-resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NTA	Net Tangible Assets
OCB	Overseas Corporate Bodies
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price/Earnings Ratio
R & D	Research and Development
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time
RoNW	Return on Net Worth
` / ₹ / Rupees / INR / Rs.	Indian Rupees, the legal currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
Sec.	Section
Securities Act	The U.S. Securities Act of 1933, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1995, as amended from time to time
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended.
sq. ft.	Square feet
sq. mtrs.	Square meters
TIN	Taxpayers Identification Number
TDS	Tax Deducted at Source
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time
ULIP	Unit Linked Insurance Plan
UoI	Union of India



Abbreviation	Full Form
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. or US or U.S.A	The United States of America
USD / US\$ / \$	United States Dollar, the official currency of the United States of America
VCFs / Venture Capital Fund(s)	Venture Capital Funds as defined in and registered with SEBI under the VCF Regulations.
VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended
Working Days	All days other than a Sunday or a public holiday (except during the Issue Period where a working day means all days other than a Saturday, Sunday and any public holiday), on which commercial banks are open for business.

Notwithstanding the following: -

- (i) In the section titled '*Main Provisions of the Articles of Association*' beginning on page 241 of the Prospectus, defined terms shall have the meaning given to such terms in that section;
- (ii) In the section titled '*Financial Information*' beginning on page 125 of the Prospectus, defined terms shall have the meaning given to such terms in that section; and
- (iii) In the chapter titled "*Statement of Tax Benefits*" beginning on page 62 of the Prospectus, defined terms shall have the meaning given to such terms in that chapter.

## **CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Certain Conventions**

All references to “India” contained in this Prospectus are to the Republic of India. In this Prospectus, our Company has presented numerical information in “lacs” units. One lac represents 1,00,000.

### **Financial Data**

Unless stated otherwise, the financial data in this Prospectus is derived from our audited financial statements as on and for the Fiscal Years ended March 31, 2015, 2014, 2013, 2012, and 2011, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and included in this Prospectus. Our Fiscal Year commences on April 1 and ends on March 31 of the following year. In this Prospectus, any discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to explain the differences between Indian GAAP, U.S. GAAP and IFRS or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in the section titled “Risk Factors”, chapters titled “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 12, 79 and 157 of this Prospectus, respectively, and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of our audited financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

### **Currency, Units of Presentation and Exchange Rates**

All references to “Rupees”, “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “US Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Prospectus may contain conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

### **Definitions**

For definitions, please see the Chapter titled “Definitions and Abbreviations” on page 2 of this Prospectus. In the Section titled “Main Provisions of the Articles of Association of our Company” beginning on page 241 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

### **Industry and Market Data**

Unless stated otherwise, the industry and market data and forecasts used throughout this Prospectus has been obtained from industry sources as well as Government Publications. Industry sources as well as Government Publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

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

## FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus that are not statements of historical fact constitute forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements with respect to our business strategy, our revenue and profitability, our projects and other matters discussed in this Prospectus regarding matters that are not historical facts. Investors can generally identify forward-looking statements by the use of terminology such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “may”, “will”, “will continue”, “will pursue”, “contemplate”, “future”, “goal”, “propose”, “will likely result”, “will seek to” or other words or phrases of similar import. All forward looking statements (whether made by us or any third party) are predictions and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the Packaging Industry in India and overseas in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and overseas which have an impact on our business activities or investments, the monetary and fiscal policies of India and other jurisdictions in which we operate, inflation, deflation, unanticipated volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Other important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies
- Increasing competition in or other factors affecting the industry segments in which our Company operates
- Changes in laws and regulations relating to the industries in which we operate;
- Recession in the real estate market
- Volatility of Housing Loan interest rates and inflation
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- Fluctuations in operating costs and impact on the financial results;
- Our inability to retain the services of our senior management, key managerial personnel and capable employees;
- Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices
- Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner

For further discussions of factors that could cause our actual results to differ, please see the section titled “Risk Factors” and the chapters titled “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 12, 79, and 157 of this Prospectus, respectively.

By their nature, certain 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. Forward-looking statements speak only as of this Prospectus. Our Company, our Directors, the Lead Manager, and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading approvals 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 the Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the section titled “*Business Overview*” beginning on page 79, “*Industry Overview*” beginning on page 70 and “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on page 157 and the section titled “*Financial Information*” beginning on page 125 as well as the other financial and statistical information contained in the Prospectus. 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, financial condition and results of operations. 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. 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 effect is not quantifiable and hence the same has not been disclosed in such risk factors. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the risks involved.

#### **Materiality:**

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

- a) Some events may not be material individually, but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may have material impact in future.

#### **Internal Risk Factors**

#### **RISK RELATED TO OUR BUSINESS, COMPANY AND THE PROJECT**

- 1. *Our Promoter and Group Entities are involved in certain legal proceedings and claims in relation to certain civil and tax matters, which are pending at different stages before the Judicial / Statutory authorities. Any rulings by such authorities against our Promoter and Group Entities may have an adverse material impact on their operations. Further, there is a default by our Promoter and Group Entities against bank demand of amounts agreed under the settlement of bank dues which pertains to litigation before Mumbai Debt Recovery Tribunal.***

A classification of the legal proceeding involving our Promoter and our Group Entities and the monetary amount involved, wherever quantifiable, in these cases is mentioned in brief below:

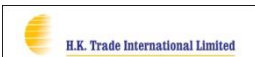
No.	Particulars	No. of cases	Amount involved where quantifiable (Rs. in Lakhs)
<b><u>Litigation filed against our Promoter and Promoter Group Entity</u></b>			
1.	Recovery proceeding before Mumbai Debt Recovery Tribunal against (1) Our Promoter Mr. Mahesh Mehta, (2) Our Group Entities Mahesh Mehta HUF and New Lotus Silk Mills.	1	51.91
2.	Income Tax litigation against our Group Entity M/s. Domex	1	3.72
3.	Income Tax litigation against our Group Company M/s. Knowell Enterprises Private Limited	1	115.60
4.	Income Tax Litigations against our Group entity M/s. MNM Composites Private Limited	2	2.24
5.	Maharashtra Value Added Tax Litigation against our Group Company M/s. Himark Technologies Pvt. Ltd.	1	16.37



No.	Particulars	No. of cases	Amount involved where quantifiable (Rs. in Lakhs)
<b><u>Demand made by Bank against our Promoter and Group Entities</u></b>			
6.	Demand made by Bank against our Promoter Mr. Mahesh Mehta and Group Entities viz. New Lotus Silk Mills, Mahesh Mehta (HUF), Liberty Textile, pursuant to default made in paying the interest amounts agreed to be paid under the settlement of bank dues which pertains to aforesaid litigation pending before Mumbai Debt Recovery Tribunal.	1	28.14 (as on August 17, 2006)

These legal proceedings are pending at different levels of adjudication before various courts/authorities. Should any new developments arise, such as a change in Indian law or rulings against us by the court, our company may need to make provisions in our financial statements, which could increase our expenses and current liabilities. There cannot be any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business and results of operations and which could harm our reputation. For details on these proceedings, see chapter titled “*Outstanding Litigations, Material Developments and Other Disclosures*” beginning on page 167 of the Prospectus.

**2. *We have applied for registration of our trademark but do not own the trademark legally as on date. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.***

We have applied for registration of our trademark  under the provisions of the Trademarks Act, 1999 and do not own the trademark as on date. As such, we do not enjoy the statutory protections accorded to a registered trademark as on date. There can be no assurance that we will be able to register the trademark and the logo in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, we cannot assure you that any application for registration of our trademark in future by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. For further details please refer to chapter titled “*Government and Other Approvals*” beginning on page 175 of the Prospectus.

**3. *Our Company sells the products under the brand name – ‘AERO’, which is unregistered.***

Our Company operates as an important intermediary in the packing material supply chain, whereby we purchase materials such as tapes, labels, papers, etc., in the roll form which is further cut and repacked into smaller rolls. Our Company sells the products under the brand name – ‘AERO’, which is unregistered. Our company’s business may be affected due to our inability to protect our existing and future intellectual property rights under which the said products are sold. As, we do not have a registered trademark under the said name, we do not enjoy the statutory protections accorded to a trademark registered in India and cannot prohibit the use of such brand name by anybody by means of statutory protection.

**4. *Our Company’s purchases and sales to our related parties are significant***

Our Company purchased almost 84.13% and 71.38% of its total raw material purchases for FY 2015 and for FY 2014 respectively from Knowell Corporation – a proprietorship concern of our Promoter Mr. Mahesh Mehta. Further, as much as 29.82% and 26.56% of its total sales for FY 2015 and for 2014 respectively is also sold to Knowell Corporation after the conversion process on the raw material. While we believe that all such transactions have been conducted on the arms length basis, there can be no assurance that we could not have been achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to chapter “*Related Party Transactions*” beginning on page 124 of the Prospectus.





**5. *Our Company is to comply with the terms and conditions/covenants laid down in license and approvals, non compliance of the same may affect our business operations.***

Our Company has obtained certain statutory licenses and approvals for the purpose of carrying our business, which contain terms and conditions/covenants, which are to be adhered to by our Company, in case our Company defaults in complying with the said terms and conditions/ covenants, we may be subjected to penal provisions and it may also lead to the cancellation of such licenses and approvals, which will adversely affect our business, financial conditions and results of operations.

**6. *Our Company is currently enjoying benefits of not paying any local sales tax i.e. VAT or Central Sales Tax (CST) upto March 27, 2017.***

Our Company currently enjoys benefits of not paying any sales tax on goods sold by it and this exemption will continue upto March 27, 2017. After this date, our Company will be liable to pay tax as per normal applicable rates. This may reduce our profitability to the extent of taxes payable, unless we are able to pass the same to our customers. For further details, please see chapters titled “Statement of Tax Benefits” and “Financial Statements” beginning on page 62 and 125 respectively of the Prospectus.

**7. *Our Company’s revenue from operations has seen decreasing trend since last three financial years.***

Our Company’s sales have decreased over the last three fiscals from Rs. 427.25 lacs in Fiscal 2012 to Rs. 359.11 lacs in Fiscal 2013 to Rs. 336.77 lacs in Fiscal 2014. However, the Company is witnessing a positive growth in Fiscal 2015 of Rs. 420.11 lacs. We believe that the Company will start witnessing positive growth in sales, but we cannot assure that the same will happen in future.

**8. *Our Company’s address of registered office is also address to various promoter group and group entities.***

Our Company have taken its registered office premises on leave and license basis from one of our Group Entity – M/s. Harris & Co., wherein our Promoter Mr. Mahesh Mehta is also a partner. We have taken only 200 sq. ft of the total area on leave and license for our registered office. However, the postal address is same for us and other Promoter Group and Group Entities.

**9. *Two of our Group Entities have not prepared their financials or filed any Income Tax Return since last many years.***

Two of our Group Entities, namely M/s. Liberty Textile (partnership firm) and M/s. New Lotus Silk Mills (partnership firm) have not prepared any financials or filed any Income Tax Return for the past many years. However, these entities do not have any business since 1990 and they are kept alive due to a litigation going on against them. However, no notice is received from any department till now, still there can be no assurance that action will not be taken against these entities for such defaults. For further details on litigations, please refer chapter titled “Outstanding Litigations, Material Developments and Other Disclosures” on page 167 of this Prospectus.

**10. *One of our Group Entity Himark Technologies Private Limited is a sick industrial company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.***

One of our Group Entity Himark Technologies Private Limited has, at the end of any Fiscal 2014, accumulated losses equal to, or exceeding, its entire net worth. Hence, it is a sick industrial company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985. The company does not have any operations since last two fiscals and no bank loans are outstanding. This trend may continue and the losses could even increase in future For further details, please refer to chapter titled “Our Promoter Group and Group Entities” beginning on page 115 of the Prospectus.

**11. *We have not entered into any definitive arrangements to monitor the utilization of the Issue Proceeds.***

As per the SEBI ICDR Regulation 2009, appointment of monitoring agency is required only for Issue size above Rs. 50,000 lakhs. Hence we have not appointed any monitoring agency and the deployment of Issue Proceeds as stated in the “Objects of the Issue” on page 56 of the Prospectus is not subject to monitoring by any independent agency. Major portion of the funds being raised through this Issue will be utilized for working capital requirements which are based on the management estimates.

***12. We propose to utilise a part of the Net Proceeds for general corporate purpose and our management will have the discretion to deploy the funds. In any case, the deployment towards general corporate purposes out of the IPO proceeds shall not exceed 25% from the said issue.***

We propose to utilise the Net Proceeds for purposes identified in the section titled “Objects of the Issue” and we propose to utilise the balance portion of the Net Proceeds towards general corporate purposes, namely, including but not restricted to (i) for our working capital requirements, margin money, bank deposits, deposits for renting etc.; (ii) acquiring fixed assets including land, building, furniture and fixtures, equipments and machineries; (iii) funding for attaining to any business / product mentioned in main objects of memorandum of association of our company, or funding inorganic or other growth opportunity including partnership, joint venture, strategic alignment, strategic initiatives; (iv) starting new products as per object of our company, expansion into new geographies, brand building exercises, strengthening of our production and marketing capabilities; (v) meeting expenses incurred in the ordinary course of business or meeting of exigencies which our Company may face in course of business and commitments. The manner of deployment and allocation of such funds is entirely at the discretion of our management and our Board, subject to compliance with the necessary provisions of the Companies Act.

***13. Our Company does not own its factory premises and Registered office premises.***

Our Company does not own its factory premises at Unit no.101, Plot no. 55, Silvassa Industrial. Co- Op. Society Ltd., Amli, Silvassa, Union Territory of Dadra & Nagar Haveli, nor owns its Registered office premises at Office No. 9, 2<sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai, Maharashtra. The said factory premises is taken on leave and license basis from our promoter group Mrs. Daksha Mehta and the Registered office premises is also taken on leave and license basis from our group entity M/s. Harris & Co.(partnership firm). Upon the termination of the license, we are required to return the said business premises to the Licensor. There can be no assurance that the term of the agreements will be renewed and in the event the Licensor terminates or does not renew the agreements on commercially acceptable terms, or at all, and we are required to vacate the said properties, we may be required to identify alternative premises and enter into fresh leave and license agreement. Such a situation could result in loss of business, time overruns and may adversely affect our operations and profitability. Also, in future, if any dispute arises due to default of terms and conditions in the said leave and license agreements by our Company, it will resulting in cancellation of license and/or if the said license is cancelled or period of the said license is not extended/renewed in future, it may cause disruptions and will adversely affect our business and results of operation. For further details, please refer to paragraph titled “Property” on page 87 of the Prospectus

***14. The leave and license agreements with respect to our factory premises and registered office premises are yet to be properly stamped and registered as per statutory requirement.***

Our Company has taken its factory premises and registered office premises on leave and license basis. However, stamp duty on the said leave and license agreements has not been properly paid yet as required under Indian Stamp Act, 1899 or Bombay Stamp Act, 1958, as applicable. Further, the said leave and license agreements, as per Registration Act, 1908, have not been registered yet. According to Section 17 read with section 49 of the said Registration Act, 1908, the effect of such non-registration is that (i) it does not affect any immovable property comprised therein (ii) it cannot be received as an evidence of any transaction affecting such property. Thus, continuing failure to register the said agreements may make it redundant and any future enforcement of the same may expose our Company to risk comprised therein, which may adversely affect our business operations and financial conditions.

***15. Three of our Group Entities are engaged in similar line of business, which may create a conflict of interest. Further, we do not enjoy contractual protection by way of a non-compete or other agreement or arrangement with our Group Entities.***

Three of our Group companies/entities namely Knowell Enterprises Private Limited, MNM Composites Private Limited and M/s. Knowell Corporation are involved in similar line of business as that of our Company i.e. including but not limited to manufacturing, converting and supplying of adhesive tapes and synthetic paper (teslin papers) from jumbo rolls of adhesive tapes and synthetic paper (teslin) respectively. The said entities are likely to expand their business similar to that of our Company. As on date, our Company has not signed any non-compete or such other agreement / document with our Group Entities. Our Group Entities may expand their business in the future that may compete with us. The interests of these Group Entities may conflict with our Company’s interests and / or with each other. For further details, please refer to the chapter titled “Our Promoter Group and Group Entities”, beginning on page 115 and the chapter titled ‘Related Party Transactions’ beginning on page 124 of the Prospectus.

**16. We are dependent on our Individual Promoter, Mr. Mahesh Mehta, for his expertise and market goodwill. Our separation, if any, from our Promoter may adversely affect our business.**

We are dependent on our Individual Promoter, Mr. Mahesh Mehta, for his expertise and market goodwill and our separation from our Promoter may adversely affect our business. We believe that our Promoter lends strength to the trust and reliability reposed in us and enables us to attract and retain fresh talent. Our separation, if any, with our Promoter for any reasons whatsoever shall adversely affect our business and results of operations.

**17. We are dependent on few customers. For the years ended March 31, 2015, our top 10 customers have contributed to 67.07% of our total revenues.**

We manufacture and convert adhesive tapes and synthetic papers. We are significantly dependent on revenues from a limited number of customers and this trend may continue in the future. For the year ended March 31, 2015, our top 10 customers have contributed to 67.07% of our total sales. Our business is significantly dependent on maintaining relation with our customers. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship with certain of our key customers or develop and maintain relationships with other new customers. The loss of a significant customer or a number of significant customers may have a material adverse effect on our business prospects and results of operations.

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

The details of Cash flows of the Company as restated are as follows:

(Amount in Rs.)

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Net Cash flow from / (used in) operating activities	76,24,393	(97,27,343)	9,38,323	10,63,374	(69,150)
Net cash flow from / (used in) investing activities	(25,304)	(32,150)	(6,09,199)	(17,78,836)	(1,52,948)
Net cash flow from / (used in) financing activities	(15,81,410)	106,42,093	4,88,136	5,46,666	3,47,571

If the negative cash flow trend persists in future, our Company may not be able to generate sufficient amounts of cash flow to finance our Company's working capital, make new capital expenditure, pay dividends, repay loans, make new investments or fund other liquidity needs which could have a material adverse effect on our business and results of operations.

**19. Some of our Group Companies/Entities have incurred losses in the last three fiscal years.**

The following Group Companies had incurred losses in the last three fiscal years as set forth below:

(Amount in Rs)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012
Net Losses of Himark Technologies Private Limited	(82,882)	(1,07,080)	(5,70,041)
Net Losses of Harris & Company (Partnership firm)	(3,446)	(4,136)	(3,782)

**20. Our Company is not engaged in trading activities as of now, but may do so in future.**

Our Company is not engaged in trading activities as of now. But, in future our Company may engage in trading activities in products like adhesive tapes, synthetic papers or in any other business mentioned in the Main Objects of our Company. For further details, please refer to chapter titled "History and Certain Corporate Matters" beginning on page 97 of the Prospectus.

**21. Our Company does not have any long-term contracts with our customers which may adversely affect our results of operations.**



Our Company has not entered into long-term contracts with any of our dealers nor do we have any marketing tie-up for our products with any of our traders. Any change in the buying pattern of our customers can adversely affect the business of our Company. Our inability to sell our existing products may adversely affect our business and profitability in future.

***22. Our other incomes are significantly high when compared to our profits before tax as restated in past financial years.***

Our other incomes are significantly high in FY 2015 as compared to our restated profits before tax. In FY 2015, it was 14.25% of our restated profits before tax. This was mainly on account of interest income and discount received in FY 2015. We cannot assure that the same will not happen in future.

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

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

***24. We have not entered into any long term supply agreement for the major raw materials required for manufacturing of our products. Also volatility in the prices and non availability of these raw materials may have an adverse impact in our business.***

We depend highly on jumbo rolls of adhesive tapes and jumbo rolls of synthetic papers (teslin), which are the prime raw material for our products. We have not entered into any agreement to procure these raw materials. In the absence of any long-term arrangement with our suppliers and in event of any disruption in the supply of raw materials in terms of requisite quantities and qualities, our production schedule may also be adversely affected. We procure these primary raw materials from one of our group entity M/s. Knowell Corporation which imports it from international market. Any fluctuation in the international price of the said raw materials may affect the price and supply of these raw materials. Therefore, any significant increase in the prices of these raw materials due to any reason and our inability to pass on increased costs of raw material to our customers may adversely affect our sales and profitability.

***25. We have in the past entered into related party transactions and may continue to do so in the future.***

Our Company has entered into certain transactions with our related parties including our Promoter, the Promoter Group, our Directors, their relatives and Group entities. While we believe that all such transactions have been conducted on the arms length basis, there can be no assurance that we could not have been achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to chapter "Related Party Transactions" beginning on page 124 of the Prospectus.

***26. Our Promoter and Directors may have interest in our Company, other than reimbursement of expenses incurred or remuneration.***

Our Promoter and Directors may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please refer to the chapters titled "Business Overview" and "Our Promoter", beginning on pages 79 and 112 respectively and the chapter titled "Related Party Transactions" on page 124 under chapter titled "Financial Statements" beginning on page 125 of the Prospectus.

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

The market for our products is competitive on account of both the organized and unorganized players. Players in this industry generally compete with each other on key attributes such as quality of products, distribution network,



pricing and timely delivery. Some of our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster in changing market scenario and remain competitive. Moreover, the unorganized sector offers their products at highly competitive prices which may not be matched by us and consequently affect our volume of sales and growth prospects. Growing competition may result in a decline in our market share and may affect our margins which may adversely affect our business operations and our financial condition.

***28. As we are into manufacturing business, our success depends on the smooth supply and transportation of our products from our factory premises to our customers all over the country. Supply and transportation are subject to various uncertainties and risks, and delays in delivery or non-delivery may result in rejected or discounted deliveries.***

We depend on transportation services to deliver our products from our manufacturing facilities to our customers who are spread across our country. Though we rely on third parties to provide transportation services, we do not have any long-term contract with any of such services provider. Non availability of transporter, disruptions of transportation services because of weather related problems, strikes, lock-outs, inadequacies in road infrastructure or other events could impair our procurement of raw materials and our ability to supply our products to our customers which in turn may adversely affect our business operations and our financial condition.

***29. If we are unable to retain the services of our Key Managerial Personnel, our business and our operating results could be adversely impacted.***

We are dependent on our Key Managerial Personnel for setting our strategic direction and managing our businesses. The loss of our key managerial personnel may materially and adversely impact our business, results of operations and financial condition.

***30. Any inability on our part to maintain quality standards could adversely impact our business, results of operations and financial condition.***

Success of our business depends upon quality of our products. We are supplying our products to different sectors viz. shipping, printing, automobile, sports goods, leather, medical, white goods, home furnishing, electronics, hardware, construction, etc. and each sector has different product specifications and use. Any rapid change in our customers' expectation on account of changes in technology or introduction of new product or any other reason and failure on our part to meet their quality expectation could adversely affect our business, results of operations and financial condition.

***31. Our insurance coverage may not be adequate to protect us against certain operating hazards and this may have a material adverse effect on our business.***

Operating and managing a business involves many risks that may adversely affect our operations and the availability of insurance is therefore important to our operations. In addition, our Company cannot be certain that the existing coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. A successful assertion of one or more large claims against our Company that exceeds our available insurance coverage or that leads to adverse changes in our insurance policies, including premium increases or the imposition of a large deductible or coinsurance requirement, could adversely affect our financial condition and results of operations. Our Company has not availed key man insurance policies and business interruption / loss of profits insurance cover.

***32. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

We need labour for our operations. We are unable to assure you that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may lead to strikes, lock-outs or increased wage demands. Such issues could have adverse effect on our business, and results of operations.

***33. The loss of or shutdown of operations at our manufacturing unit may have a material adverse effect on our business, financial condition and results of operations.***

The breakdown or failure of our equipments and/ or civil structure can disrupt our production schedules, resulting in performance being below expected levels. In addition, the development or operation of our facilities may be





disrupted for reasons that are beyond our control, including explosions, fires, earthquakes and other natural disasters, breakdown, failure or sub-standard performance of equipment, improper installation or operation of equipment, accidents, operational problems, transportation interruptions, other environmental risks, and labour disputes. Our manufacturing unit is also subject to mechanical failure and equipment shutdowns. Our machineries may be susceptible to malfunction. If such events occur, the ability of our facilities to meet production targets may be adversely affected which may affect our business, financial condition and results of operations.

***34. Our growth strategy to expand into new geographic areas poses risks. We may not be able to successfully manage some or all of such risks, which may have a material adverse effect on our revenues, profits and financial condition.***

Our business is therefore significantly dependent on the general economic condition and activity in the states in which we operate, and the central, state and local Government policies relating to our industry. Although investment in the industry in the areas in which we operate has been encouraged, there can be no assurance that this will continue. We may expand geographically, and may not gain acceptance or be able to take advantage of any expansion opportunities outside our current markets. This may place us at a competitive disadvantage and limit our growth opportunities. We may face additional risks if we undertake operations in other geographic areas in which we do not possess the same level of familiarity as competitors. If we undertake operations of different product than those currently is; we may be affected by various factors, including but not limited to: Adjusting our products to different geographic areas; Obtaining the necessary materials and labour in sufficient amounts and on acceptable terms; Obtaining necessary Government and other approvals in time or at all; Failure to realize expected synergies and cost savings; Attracting potential customers in a market in which we do not have significant experience; and Cost of hiring new employees and absorbing increased costs.

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

The funds that we receive would be utilized for the objects of the Issue as has been stated in the section “Objects of the Issue” on page 56 of the Prospectus. The proposed schedule of implementation of the objects of the Issue is based on our management’s estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, we may face time and cost overruns and this may affect our revenues and results of operations.

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

As on date, we have not made any alternate arrangements for meeting our working capital requirements for the Objects of the Issue. We meet our capital requirements through our owned funds, internal accruals and debt. Any shortfall in our net owned funds, internal accruals and our inability to raise debt would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “Objects of the Issue” beginning on page 56 of this Prospectus.

***37. Our funding requirements and deployment of the issue proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and actual cost may vary compared with the estimated amount.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the competitive and dynamic nature of our business, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. In the event of an increase in expenditure and increased fund requirements, we will seek to meet these increased requirements by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If such surplus funds are unavailable, we will seek to meet these increased requirements through our internal accruals and additional debt. This may entail rescheduling, revising or cancelling the planned expenditure





and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control. The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

***38. We have high working capital requirements for our business operations. In case of our inability to obtain the requisite additional working capital facilities from the proposed IPO proceeds, our internal accruals/cash flows would be adversely affected, and consequently our operations, revenue and profitability.***

Our business requires a substantial amount of working capital for our business operations. We would require additional working capital facilities in the future to satisfy our working capital need which is proposed to be met through the IPO proceeds. In case of our inability to obtain the requisite additional working capital finance, our internal accruals/cash flows would be adversely affected to that extent, and consequently affect our operations, revenue and profitability.

***39. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Further, we cannot assure you that for the financing secured by us, we will be able to continue servicing the principal amount, interest or both.***

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

***40. Post this Issue, our Promoter and Promoter Group shareholding will be diluted in our Company.***

Post this Issue, our Promoters and Promoter Group will collectively own only 51.67% of our Equity Share capital. Accordingly, our Company will not be able stop any special resolution being passed by the shareholders of our Company even though it is in the best interest of our Company or prevent a change in control in our Company, facilitate a merger, consolidation, takeover or other business combination involving our Company, or encourage potential acquirers from making an offer or otherwise attempting to obtain control over our Company even if it is not in its best interest.

***41. We may not be able to sustain effective implementation of our business and growth strategies.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. We may not be able to execute our strategies in the future. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long-term business outlook.

***42. Fluctuating prices of raw materials may affect our operations.***

We procure majority of our raw materials, i.e., jumbo rolls of adhesive tapes and teslins from one of our Group entity, which in turn procures it from international markets at the existing market rates. However, the prices of these materials are subject to rapid fluctuations owing to changes in demand- supply forces which are not within our control. Increase in prices, either in the international market or by our suppliers (including our group entity) shall lead to an increase in cost of production, thereby increasing the price of our final product. This would have an adverse impact on our business, financial conditions and results of operations.

***43. Changes in technology may render our current technologies obsolete or require us to make substantial capital***

*investments.*

Modernisation and technology upgradation is essential to reduce costs and increase the output. Our technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may not have the competitive edge. Although we strive to keep our technology, plant and machinery in line with the latest technological standards, we may be required to implement new technology or upgrade the machineries and other equipment's employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries are significant which could substantially affect our finances and operations.

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

Our manufacturing activities are dependent on availability of skilled and unskilled labour. Non-availability of labour at any time or any disputes with them may affect our production schedule and timely delivery of our products to customers which may adversely affect our business and result of operations.

**45. *The shortage or non-availability of power may adversely affect the manufacturing processes and our performance may be affected adversely.***

Our manufacturing processes requires substantial amount of power. Our manufacturing facilities may face power interruptions due to power cuts and as a result our operations or financial condition may be adversely affected. Further, the Company does not have any alternate source of power arrangement.

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

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

**47. *We may decide not to proceed with the Issue at any time before Allotment. If we decide not to proceed with the Issue after the Issue Opening Date but before Allotment, the refund of Application amounts deposited will be subject to us complying with our obligations under applicable laws.***

We, in consultation with the Lead Manager, reserve the right not to proceed with the Issue at any time before the Allotment. If we withdraw the Issue after the Issue Opening Date, we will be required to refund all Application amounts deposited within 8 days of the Issue Closing Date. We shall be required to pay interest at the rate of 15% per annum on the Application amounts received if refund orders are not dispatched within 8 days from the Issue Closing Date. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment and (ii) the final RoC approval.

**48. *If there is any future issue of Equity Shares it may dilute your shareholding and sale of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future equity issues by us, including a primary offering, may lead to the dilution of investors' shareholdings in the Company. Any future equity issuances by us or sale of Equity Shares by the Promoters 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.

**49. *Company has not paid any dividends till now and there can be no assurance that we will pay dividends in future. Our ability to pay dividends in the future will depend upon a variety of factors such as future earnings, financial condition, cash flows, working capital requirements, and restrictive covenants in our financing arrangements.***

Our Company has not paid any dividends till now and there can be no assurance that we will pay dividends in future. Our ability to pay dividends in the future will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time.



There can be no assurance that we will generate sufficient income to cover our operating expenses and pay dividends to our shareholders, or at all. Our ability to pay dividends could also be restricted under the existing or certain financing arrangements that we may enter into.

***50. The Issue Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.***

The Issue price based on numerous factors and may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that you will be able to resell your Shares at or above the Issue Price. Among the factors that could affect our Share price are: quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net profit and income; changes in income or earnings estimates or publication of research reports by analysts; speculation in the press or investment community; general market conditions; and domestic and international economic, legal and regulatory factors unrelated to our performance.

***51. You will not be able to sell immediately on stock exchange any of the Equity Shares you purchase in the Issue.***

Under the SEBI (ICDR) Regulations, we are permitted to allot equity shares within 15 days of the Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 15 days after the Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. There can be no assurance that final listing and trading approvals will be obtained from the Stock Exchanges on time or at all. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time periods.

***52. The price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.***

Earlier to this Issue, there has been no public market for our Equity Shares. Intensive Fiscal Services Private Limited is the Lead Manager whereas K. M. Jain Stock Brokers Private Limited is the Market Maker for the Issue. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers please refer to the section titled "General Information – Details of the Market Making Arrangement for this Issue" on page no. 42 of this Prospectus.

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

Subsequent to the Issue, we will be subject to a daily "circuit breaker" imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of imposing circuit limit, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to



sell your Equity Shares at any particular time.

***54. There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE in a timely manner, or at all.***

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in-principle approval for listing of shares issued. We have only applied to BSE Limited to use its name as the Stock Exchange in this offer document for listing our shares on the SME Platform of BSE. 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 failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

***External Risk Factors***

***55. The new Companies Act, 2013 is recently being implemented and any developments in the near future may be material with respect to the disclosures to be made in this prospectus as well as other rules and formalities for completing the Issue.***

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notifications, resulting in the corresponding provisions of the companies Act, 1956 ceasing to have effect. The new companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or deposits a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibition on loans to directors and insider trading and restriction on directors and insider trading and restriction on directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. To ensure compliance with the requirement of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance cost and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncement or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial step. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have adverse effects on our business and results of operations.

***56. Any changes in regulations or applicable government incentives would materially affect our operations and growth prospects.***

We are subject to various regulations and policies. For details see section titled “Key Industry Regulations and Policies” beginning on page 89 of the Prospectus. Our business could be materially affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which would have a material adverse effect on our business, financial condition and results of operations.

***57. All of our business functions are operated from India and a decrease in economic growth in India could cause our business to suffer.***

We operate all our business functions from India and, consequently, our performance and the quality and growth of our business are dependent on the health of the economy of India. The Indian economy had a sustained growth over the last decade. However, the economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the microfinance industry. Any such factor may contribute to a



decrease in economic growth in India which could adversely impact our business and financial performance.

***58. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.***

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

***59. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between nonresidents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

***60. Terrorist attack, war, natural disaster or other catastrophic events may disrupt or otherwise adversely affect the markets in which we operate our business and our profitability.***

Terrorist attacks may cause damage or disruption to our company, our employees, our facilities and our customers, which could impact our sales and results from operations. Any future terrorist attacks, the national and international responses to terrorist attacks, or other acts of war or hostility may cause greater uncertainty and cause our business to suffer in ways that we currently cannot predict.

***61. Significant differences exist between Indian GAAP and other accounting principles, such as U. S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.***

Our financial statements, including the financial statements provided in this Prospectus are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

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

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business, including those relating to consumer protection, Internet and privacy. For details of the material laws currently applicable to us, please see the chapter titled "Key Industry Regulations and Policies" beginning on page 89 of this Prospectus.

There can be no assurance that the Government may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any



new regulations, which may also materially harm our cash flows and in turn affect our results of operations.

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

India's physical infrastructure is less developed than that of many developed countries. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have an adverse effect on our results of operations and financial condition.

**Prominent Notes to Risk Factors**

- A. Investors may contact the Lead Manager for complaints, information, clarifications or complaints pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
- B. Public issue of 12,72,000 Equity Shares of Rs. 10/- each of the Company for cash at a price of Rs. 18/- per Equity Share aggregating to Rs. 228.96 lakhs. The Issue will constitute 48.33% of the fully diluted post-Issue Equity Share capital of the Company.
- C. The net worth of the Company was Rs. 158.37 Lakhs as of March 31, 2015, as per the restated financial statements of the Company prepared in accordance with Indian GAAP and restated in accordance with SEBI (ICDR) Regulations. For more information, see the section titled "*Financial Statements*" beginning on page 125 of the Prospectus.

- D. The average cost of acquisition per Equity Share by our Promoters is:

Name of Promoter	Average cost (In Rs.)
Mr. Mahesh Mehta	10.00*

\*As certified by the Statutory Auditors of the Company vide certificate dated March 2, 2015.

The average cost of acquisition of Equity Shares held by our Promoters, which has been calculated by taking average amount paid by them to acquire our Equity Shares issued by the Company.

- E. Our Company, its Promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Company, Group Companies and Associate Companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.
- F. Investors are advised to refer to the paragraph titled "*Basis for Issue Price*" beginning on page 60 of this Prospectus.
- G. The Lead Manager and our Company shall keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Prospectus and commencement of trading.
- H. The book value per Equity Share of Rs. 10/- each was Rs. 11.64 as of March 31, 2015, as per the restated financial statements of the Company prepared in accordance with Indian GAAP and restated in accordance with SEBI (ICDR) Regulations. For more information, see the section titled "*Financial Statements*" beginning on page 125 of the Prospectus.
- I. Except as disclosed in the section "*Objects of the Issue*", "*Our Promoter Group and Group Entities*" and "*Our Management*" beginning on pages 56, 115 and 100 of the Prospectus, respectively, none of the Promoters, Directors or Key management personnel have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.





- J. For details of the related party transactions, including details of transactions between the Company with its Directors, Key Managerial Persons, Promoters, Group companies and the cumulative value of such transactions, see section “*Related Party Transactions*” on page 124 of the Prospectus. For information on changes in the Company’s name and changes in objects clause of the Memorandum of Association of the Company, see the section titled “*History and Certain Corporate Matters*” beginning on page 97 of the Prospectus.
- K. Neither a member of the Promoter Group nor a Director nor any relative of any Director has financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of the Prospectus.
- L. Other than as stated in the section titled “*Capital Structure*” on page 45 of the Prospectus, the Company has not issued any Equity Shares for consideration other than cash.
- M. The Issue is being made in terms of regulation 106M (1) of SEBI (ICDR) Regulations, 2009, as amended. This being a fixed price issue, the allocation in the net offer to the public category shall be made as per sub clause (4) of Regulation 43 of the SEBI (ICDR) Regulations, 2009, as amended. For further details, please refer to the section titled “*Issue Structure*” beginning on page 194 of the Prospectus.
- N. In the event of over-subscription, allotment shall be made as set out in paragraph titled “*Basis of Allotment*” beginning on page 233 of this Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- O. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Financial Statements. For details, please see the section titled “*Financial Information*” beginning on page 125 of this Prospectus.
- P. Our Company was originally formed with effect from October 6, 1993 as a partnership firm bearing the name M/s. H.K. International vide Partnership deed dated October 6, 1993 with 2 partners. Further, on February 28, 2013, it admitted 5 new partners. Further, on June 28, 2013, it got converted into a public limited company under the Part IX of the Companies Act, 1956 bearing Corporate Identification No. U25203MH2013PLC244911 having its Registered Office at Mumbai. Our Company received the Certificate of Commencement of Business on July 30, 2013 from the RoC, Mumbai.
- Q. Trading in Equity Shares for all investors shall be in dematerialized form only.



## SECTION III: INTRODUCTION

### SUMMARY OF OUR INDUSTRY

#### Global Adhesive Industry

The global adhesive and sealants market is primarily driven by consistent growth in its major end-use industry such as Construction, Automotive, Packaging, Assembly, Pressure Sensitive Tapes and other applications. According to a market report published by Transparency Market Research, the global market for adhesives was valued at \$22.70 billion in 2012 and is expected to reach \$31.64 billion by 2018, growing at a CAGR of 5.7% from 2012 to 2018. Pressure sensitive applications dominated the global adhesives market and accounted for approximately 28% of the total market in 2012. Furniture is expected to be the fastest growing market for adhesives at a CAGR of 5.9% from 2012 to 2018. Some of the key manufacturers of adhesives and sealants include 3M, Henkel, BASF, Dow Chemical Company among others.

#### World demand to rise 5.6% annually through 2016 for PSA

According to a research by Freedonia Group Inc, world demand for pressure sensitive adhesive (PSA) tapes is projected to rise 5.6% per year through 2016 to 43.5 billion square meters and to 50 billion square meters by 2018. In terms of value, sales of PSA tapes are likely to increase by 5.7% annually to \$37 billion in 2016, a marked improvement from the 2006-2011 period. Growth of the market value will improve to 6.5% annually, a stark improvement from the growth in 2008-2013. The slowdown in the global economy – poor production rates and decline in construction activity have caused a perceptible decline in demand for tapes world over. However, early signs point to an uptick in the production activity in US, and Western Europe. Manufacturing activity, in particular, is likely to drive the demand. Among different tape-backing materials, polypropylene products and value-added specialty tapes including foam and fibre glass types are likely to make most of the gains.

#### Carton sealing tapes has two-thirds of global market

In 2011, carton sealing tapes accounted for 67% of the global pressure sensitive tape market (in volume terms). The demand may increase due to a rise in the processed food and beverage manufacturing sector, the largest user of corrugated box packaging. Sales of carton sealing tape may continue to outpace box demand because tapes have more market share from alternative box sealing solutions like glue. Demand for masking tapes may go up on the back of huge rise in building construction expenses, including architectural paint projects. Rise in motor vehicle production, another key masking tape market, is likely to boost demand further. Electrical and electronic, double sided, medical and other tape segments are also likely to offer some opportunities, though growth in these applications will come from relatively smaller bases. Advances, especially for electronic types, will depend on fast growing end-use markets. Alternative joining and sealing techniques will be further supplanted by double-sided bonding tapes in various industrial applications, while PSA medical and surgical tapes may continue to replace traditional bandages.

#### Asia/Pacific region to be fastest growing market

The Asia/Pacific region is likely to witness rapid gains and remain the largest regional market in the world because of the presence of large manufacturing industries. Between 2001 and 2016, the annual growth from this region is likely to stand at 7.5%. Other regions including Central and South America, Eastern Europe, and Africa/Middle East may also experience healthy growth, though advances in these areas will come from lower base levels (collectively, these three regions accounted for only 15% of global pressure sensitive tape demand in 2011). The fastest growth is likely to be witnessed in Asia, especially in India, China and Indonesia. China alone may account for close to half of the global pressure sensitive tape market volume gains between 2011 and 2016. However, advances are likely to be below average in established markets like North America and Western Europe. The U.S., which accounted for 18% of global sales volume in 2011, is likely to remain the second largest national pressure sensitive tape market, after China. While Japan may remain one of the largest markets in the world, but the country is forecast to see the slowest growth rate through 2016. The acceleration in the economies of the developed world after the recession and slowdown since 2008 will also help drive demand for pressure sensitive adhesive tapes. This is welcome at a time when the pace of growth in the construction and manufacturing activity in Asia has slowed.

#### Classification of Adhesive tape



Adhesive tape is one of the different types of backing materials coated with an adhesive. It has a sticky adhesive that enables it to stick to different materials. Listed below are the most common types of adhesive tape:

- Pressure Sensitive Tapes
- Water Activated Tape
- Heat Sensitive Tape
- Drywall Tape

#### **Varieties of PSA Tape**

- Duct tape
- Box sealing tape (also "Packing Tape"; "Parcel tape")
- Masking Tape
- Filament Tape
- VHB Tape

#### **Derived Demand**

Demand for adhesive tapes is derived from its uses in various sectors of the economy. Some of the largest users and their growth dynamics, is listed below:

- Automobiles
- Packaging industry
- Electronics and Consumer Durables
- Retail
- Leather Industry
- New applications for adhesives expected to drive growth



## SUMMARY OF OUR BUSINESS

The Company was originally formed with effect from October 6, 1993 as partnership firm bearing the name M/s. H.K. International vide Partnership deed dated October 6, 1993 with 2 partners. Further, on February 28, 2013, it admitted 5 new partners. Further, on June 28, 2013, it got converted into a public limited company under the Part IX of the Companies Act, 1956 bearing Corporate Identification No. U25203MH2013PLC244911 having its Registered Office at Mumbai. Our Company received the Certificate of Commencement of Business on July 30, 2013 from the RoC, Mumbai. For further details see section titled '*History and Certain Corporate Matters*' beginning on page 97 of the Prospectus.

Our registered office is situated at Office No. 9, 2<sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001, Maharashtra, India.

Our Company H.K. Trade International Limited is into the business of manufacturing and supplying of adhesive tapes and synthetic paper (teslin papers) from jumbo rolls of adhesive tapes and synthetic paper (teslin) respectively. Our Company operates as an important intermediary in the packing material supply chain, whereby we purchase materials such as tapes, labels, papers, etc., in the roll form which is further cut and repacked into smaller rolls.

### Products

Our Company manufactures / converts adhesive tapes and synthetic papers (teslin) . An adhesive tape is a strip of paper or plastic or metal which is coated with an adhesive substance, as for holding a bandage in place. They have a variety of uses, from repairing torn papers and wrapping gifts to making simple craft projects. Apart from general uses, tapes are also used in various industrial activities including shipping, printing, automobile, sports goods, leather, medical, white goods, home furnishing and hardware, etc. Adhesive tapes provide user friendly, safe and inexpensive method of bonding two or more substances.

#### A. Adhesive tapes

Some of the varieties of adhesive tapes are as follows:

- Masking Tape
- Filament Tape
- Duct Tape
- Double side Foam Tape
- Double side Tissue Tape
- Brown Paper Tape
- Aluminum Foil Tape
- Surface Protection Tape
- PVC Insulation Tapes
- Floor Marking Tapes
- Double side Cloth Tapes
- Masker

#### B. Synthetic Paper (Teslin Paper)

### Our Competitive Strength

#### 1. Experience of our Promoter -

Our Managing Director, Mr. Mahesh Mehta, have over 3 decades of experience in this industry. Our management team combines youth and experience to outline plans for the future development of the company. Further we have employed key professionals having technical and commercial backgrounds. We believe that his strong technical experience and industry networks will help us grow our business operations and in achieving our key business strategies.

For further details regarding the experience and qualifications of our management and promoters please refer to the sections titled "Our Management", "Our Promoter" and "Our Promoter Group and Group Entities" beginning on pages 100, 112 and 115 of this Prospectus respectively.

#### 2. Multiproduct Portfolio -



The Company has a wide product portfolio to cater its customers. The Company has been gradually expanding and adding new kinds of adhesive tapes to its basket. Apart from adhesive tape which is the core product of the Company, the Company also processes synthetic papers which give it an edge over the customers scouting for one stop solution. Thus, we have a multi-product portfolio and the ability to adjust to need of the customers.

**3. Customized Service -**

Small businesses grow by changing with the needs of ideal customers. Often, this evolution comes by creating products and services that address highly personalized requests. We believe that by collaborating with customers, SME's can gain critical real world experiences that often times it turn into substantial opportunities.

**4. Strong Customer Base -**

Our Company has strong customer base in the domestic market. Over a period of time, our Company has built-up a track record for quality products and timely delivery. Our Managing Director, including our marketing personnel closely interacts with the customers, understands their requirements and customizes the products as per their requirements. Our Company has been able to retain customers and further strengthen the relationship by providing them end-to-end solutions for their requirements.

**5. Fully Integrated Manufacturing Facility -**

Our manufacturing unit is fully integrated and self sufficient. The raw materials and consumables are readily available. Further, all other utilities like power and human resources have posed no hurdle till date. All the equipments required for manufacturing for manufacturing our products are in place. Our manufacturing unit undertakes the entire process of manufacturing the customized sizes of adhesive tapes and synthetic papers; which begins from procuring the jumbo adhesive rolls and synthetic papers to winding, cutting and packaging in specified sizes. For further details on the list of equipments owned by our Company, please refer the para "Equipments" on page 85 of the Prospectus.

**Our Business Strategy**

**1. Improving operational efficiencies -**

Our Company intends to improve efficiencies to achieve cost reductions so that they can be competitive. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our infrastructure. As a result of these measures, our Company will be able to increase its market share and profitability.

**2. Leveraging our Market skills and Relationships -**

This is a continuous process in our organization and the skill that we impart in our people is to give importance to customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our customer relationship and renewing our relationship with existing buyers.

**3. Focus on consistently meeting quality standards -**

Our Company intends to focus on adhering to the quality standards of the products. This is necessary so as to make sure that we get repeat orders from our customers. This will also aid us in enhancing our brand value.

**4. Capitalize the opening of new markets and enhancing our existing customer base -**

Our present customer base comprises of a large number of Indian companies/concerns. Our Company intends to grow business continuously by adding new customers. We are also exploring the untapped local markets for geographical growth. With the growth in the retail sector, we foresee a good business opportunity in this sector. Our strategy will be to capitalize on the growth of the retail sector. The opening up of the organized retailing shall provide tremendous demand to the industry.

## SUMMARY OF OUR FINANCIALS

### STATEMENT OF ASSETS AND LIABILITIES AS RESTATED (In Rupees)

Particulars	As at				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholder's Funds</b>					
(a) Share Capital/ Partner's Capital	136,00,000	136,00,000	28,78,862	24,07,267	19,58,423
(b) Reserves and Surplus	22,36,667	16,75,638	23,90,765	17,27,251	8,50,725
<b>(2) Non-Current Liabilities</b>					
(a) Long-term borrowings	-	-	-	-	-
(b) Deferred tax liabilities (Net)	-	-	54,954	33,657	1,104
<b>(3) Current Liabilities</b>					
(a) Short term borrowings	-	9,50,000	1,25,000	1,04,900	-
(b) Trade payables	48,36,887	29,05,426	72,32,799	55,73,558	76,93,085
(c) Other current liabilities	5,40,799	3,40,063	-	1,77,614	16,517
(d) Short-term provisions	593,733	1,69,755	2,80,838	3,59,700	4,63,576
<b>Total</b>	<b>218,08,085</b>	<b>196,40,882</b>	<b>129,63,217</b>	<b>103,83,948</b>	<b>109,83,430</b>
<b>II. Assets</b>					
<b>(1) Non-current assets</b>					
<i>(a) Fixed assets</i>					
(i) Tangible assets					
Gross Block	29,20,948	26,92,748	26,85,598	20,85,299	3,06,463
Depreciation	11,37,626	7,98,867	4,92,273	2,24,526	65,757
<b>Net Block</b>	<b>17,83,321</b>	<b>18,93,880</b>	<b>21,93,325</b>	<b>18,60,772</b>	<b>2,40,706</b>
(b) Non-current investments	-	-	-	-	-
(c) Deferred tax assets (net)	17,944	9,871	-	-	-
(d) Long term loans and advances	-	-	-	-	-
(e) Other Non-Current assets	86,514	84,112	57,425	48,525	48,525
<b>(2) Current assets</b>					



Particulars	As at				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
(a) Current Investment	-	-	-	-	-
(b) Inventories	49,20,300	21,65,052	40,29,745	20,75,557	40,25,556
(c) Trade receivables	63,32,920	128,19,130	54,08,486	57,92,116	61,02,870
(d) Cash and cash equivalents	79,74,515	19,56,836	10,74,237	2,56,976	4,25,772
(e) Short-term loans and advances	6,73,370	7,12,000	2,00,000	3,50,000	1,40,000
(f) Other current assets	19,201	-	-	-	-
<b>Total</b>	<b>218,08,085</b>	<b>196,40,882</b>	<b>129,63,217</b>	<b>103,83,948</b>	<b>109,83,430</b>

**STATEMENT OF PROFIT & LOSSES AS RESTATED (In Rupees)**

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Revenue</b>					
Revenue from operations (gross)					
<b>Sale of products</b>					
Manufactured goods	420,10,581	336,76,815	359,11,429	427,25,324	312,42,496
Traded goods	-	-	-	-	-
Less: Excise duty	-	-	-	-	-
Revenue from operations (net)	420,10,581	336,76,815	359,11,429	427,25,324	312,42,496
Other income	2,53,270	20,678	32,193	32,911	47,776
<b>Total revenue</b>	<b>422,63,851</b>	<b>336,97,493</b>	<b>359,43,621</b>	<b>427,58,235</b>	<b>312,90,272</b>
<b>Expenses</b>					
Cost of materials consumed	397,58,011	287,22,102	346,89,021	375,52,267	298,81,706
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(27,55,249)	18,64,693	(19,54,188)	19,49,999	(15,43,102)
Employee benefits expense	20,04,682	10,98,050	9,85,447	6,76,376	3,91,758
Finance costs	113	7,315	3,559	7,078	433
Depreciation and amortisation expense	353,085	3,06,595	2,67,747	1,58,769	20,694
Other expenses	11,26,131	14,13,113	9,85,504	11,44,082	14,21,262
<b>Total Expenses</b>	<b>404,86,773</b>	<b>334,11,868</b>	<b>349,77,089</b>	<b>414,88,572</b>	<b>301,72,751</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>	<b>17,77,078</b>	<b>2,85,625</b>	<b>9,66,532</b>	<b>12,69,663</b>	<b>11,17,521</b>
Add / (Less) : Exceptional items	-	-	-	-	-
<b>Profit / (Loss) before extraordinary items and tax</b>	<b>17,77,078</b>	<b>2,85,625</b>	<b>9,66,532</b>	<b>12,69,663</b>	<b>11,17,521</b>
Add / (Less) : Extraordinary items	-	-	-	-	-
<b>Profit / (Loss) before tax</b>	<b>17,77,078</b>	<b>2,85,625</b>	<b>9,66,532</b>	<b>12,69,663</b>	<b>11,17,521</b>
<b>Tax Expenses</b>					
Current tax expense for current year	5,92,825	1,68,847	2,81,722	3,60,584	4,63,580
(Less): MAT credit	-	-	-	-	-
Net current tax expense	5,92,825	1,68,847	2,81,722	3,60,584	4,63,580
Provision for FBT	-	-	-	-	-
Deferred tax	(8,073)	(64,825)	21,297	32,553	1,734
<b>Profit after tax but before share of results of associates and minority</b>	<b>11,92,326</b>	<b>1,81,603</b>	<b>6,63,514</b>	<b>8,76,526</b>	<b>6,52,207</b>

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>interests</b>					
Less: Minority Interests	-	-	-	-	-
Add: Share of net profit of Associates	-	-	-	-	-
<b>Profit After Tax and share of results of associates and minority interest as per Audited Accounts (A)</b>	<b>11,92,326</b>	<b>1,81,603</b>	<b>6,63,514</b>	<b>8,76,526</b>	<b>6,52,207</b>
<b>Adjustments</b>					
Impact of Change in Accounting Policies and Estimates	-	-	-	-	-
Excess/(Short) Provision for Taxation	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-
Total Impact of Adjustment	-	-	-	-	-
<b>Total Adjustments net of tax impact (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit as Restated (A + B)</b>	<b>11,92,326</b>	<b>1,81,603</b>	<b>6,63,514</b>	<b>8,76,526</b>	<b>6,52,207</b>
Surplus/(Deficit) brought forward from previous years	75,638	23,90,765	17,27,251	8,50,725	1,98,517
Less: Capitalisation of the Profits	-	-	-	-	-
Less: Transfer to Partners Capital Account	-	-	-	-	-
<b>Balance available for appropriations, as restated</b>	<b>12,67,964</b>	<b>25,72,368</b>	<b>23,90,765</b>	<b>17,27,251</b>	<b>8,50,725</b>
<b>Appropriation</b>	<b>-</b>	<b>24,96,730</b>	<b>-</b>	<b>-</b>	<b>-</b>
Proposed Dividend on Equity shares	-	-	-	-	-
Proposed Dividend on Preference shares	-	-	-	-	-
Tax on Dividend	-	-	-	-	-
Issue of Shares (Conversion to Limited company )	-	24,96,730	-	-	-
Transfer to Capital Reserve	-	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-
<b>Balance Carried forward as restated</b>	<b>12,67,964</b>	<b>75,638</b>	<b>23,90,765</b>	<b>17,27,251</b>	<b>8,50,725</b>

**STATEMENT OF CASH FLOWS FROM RESTATED FINANCIAL STATEMENTS (In Rupees)**

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before taxation and extraordinary items	17,77,078	2,85,625	9,66,532	12,69,663	11,17,521
Adjustment for :					
Incorporation Cost (which is amortized)	-	-	-	-	-
Depreciation	3,53,085	3,06,595	2,67,747	1,58,769	20,694
Finance Costs	113	7,315	3,559	7,078	433
Interest Income	(2,19,624)	(1,687)	-	-	-
Misc. Expenses Amortization	-	-	-	-	-
<b>Operating profit / (loss) before working capital changes</b>	<b>19,10,652</b>	<b>5,97,848</b>	<b>12,37,838</b>	<b>14,35,511</b>	<b>11,38,648</b>
<b>Changes in working capital:</b>					
<u>Adjustments for (increase) / decrease in operating assets:</u>					
Inventories	(27,55,248)	18,64,693	(19,54,188)	19,49,999	(15,43,102)
Trade receivables	64,86,210	(74,10,644)	3,83,630	3,10,754	(18,09,884)
Short-term loans and advances	38,630	(5,12,000)	1,50,000	(2,10,000)	(90,000)
Other current assets	(19,201)	-	-	-	-
Trade payables	19,31,461	(43,27,373)	16,59,241	(21,19,526)	23,07,746
Other current liabilities	2,00,736	340,063	(1,77,614)	1,61,097	5,723
Short-term provisions	4,23,978	(111,083)	(78,862)	(1,03,876)	3,85,299
<b>Cash generated from operations</b>	<b>82,17,218</b>	<b>(95,58,496)</b>	<b>12,20,045</b>	<b>14,23,958</b>	<b>3,94,430</b>
Net Tax Provisions	5,92,825	1,68,847	2,81,722	3,60,584	4,63,580
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>76,24,393</b>	<b>(97,27,343)</b>	<b>9,38,323</b>	<b>10,63,374</b>	<b>(69,150)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Capital expenditure on fixed assets, including capital advances	(2,42,526)	(7,150)	(6,00,299)	(17,78,836)	(1,52,948)
Deposits (Non Current Assets)	(2,402)	(26,687)	(8,900)	-	-
Interest received	2,19,624	1,687	-	-	-

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(25,304)</b>	<b>(32,150)</b>	<b>(6,09,199)</b>	<b>(17,78,836)</b>	<b>(1,52,948)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from Capital Introduced	-	82,24,408	4,71,595	4,48,844	3,48,004
Withdrawal of the Partners Capital	-	-	-	-	-
Proceeds from Security Premium	-	16,00,000	-	-	-
Proceeds from other short-term borrowings	-	8,25,000	20,100	1,04,900	-
Repayment of other short-term borrowings	(9,50,000)	-	-	-	-
IPO Charges	(631,297)	-	-	-	-
Finance Charges paid	(113)	(7,315)	(3,559)	(7,078)	(433)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(15,81,410)</b>	<b>106,42,093</b>	<b>4,88,136</b>	<b>5,46,666</b>	<b>3,47,571</b>
<b>NET INCREASE /(-) DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>60,17,680</b>	<b>8,82,599</b>	<b>8,17,261</b>	<b>(1,68,796)</b>	<b>1,25,472</b>
<b>OPENING BALANCE IN CASH AND CASH EQUIVALENTS</b>	<b>19,56,836</b>	<b>10,74,237</b>	<b>2,56,976</b>	<b>4,25,772</b>	<b>3,00,300</b>
<b>CLOSING BALANCE IN CASH AND CASH EQUIVALENTS</b>	<b>79,74,516</b>	<b>19,56,836</b>	<b>10,74,237</b>	<b>2,56,976</b>	<b>4,25,772</b>



## BRIEF DETAILS OF THE ISSUE

### PRESENT ISSUE IN TERMS OF THIS PROSPECTUS

<b>Equity Shares Offered:</b> Present Issue of Equity Shares by our Company	12,72,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 18/- per share aggregating Rs. 228.96 Lakhs
<b>Issue Reserved for the Market Makers</b>	1,36,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 18/- per share aggregating Rs. 24.48 Lakhs
<b>Net Issue to the Public</b>	11,36,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. 18/- per share aggregating Rs. 204.48 Lakhs
	Of Which:
	5,68,000 Equity Shares of Rs. 10/- each at a premium of Rs. 8/- per Equity Share will be available for allocation for Investors of upto Rs. 2.00 Lakhs
	5,68,000 Equity Shares of Rs. 10/- each at a premium of Rs. 8/- per Equity Share will be available for allocation for Investors of above Rs. 2.00 Lakhs
<b>Equity Shares outstanding prior to the Issue</b>	13,60,000 Equity Shares
<b>Equity Shares outstanding after the Issue</b>	26,32,000 Equity Shares
<b>Objects of the Issue</b>	Please refer to the section titled — “ <i>Objects of the Issue</i> ” beginning on page 56 of the Prospectus.

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 194 of this Prospectus.

**GENERAL INFORMATION**

The Company was originally formed with effect from October 6, 1993 as partnership firm bearing the name M/s. H.K. International vide Partnership deed dated October 6, 1993 with 2 partners. Further, on February 28, 2013, it admitted 5 new partners. Further, on June 28, 2013, it got converted into a public limited company under the Part IX of the Companies Act, 1956 bearing Corporate Identification No. U25203MH2013PLC244911 having its Registered Office at Mumbai. Our Company received the Certificate of Commencement of Business on July 30, 2013 from the RoC, Mumbai. For further details see section titled '*History and Certain Corporate Matters*' beginning on page 97 of the Prospectus.

***Registered Office of Our Company*****H. K. Trade International Limited**

Office No. 9, 2<sup>nd</sup> Floor, Bharat House,  
104, Mumbai Samachar Marg, Fort,  
Mumbai – 400 001,  
Maharashtra, India.

**Tel:** +91 – 22 – 2267 6700

**Email:** info@hktrade.in

**Website:** www.hktrade.in

**Registration Number:** 244911

**Corporate Identification Number:** U25203MH2013PLC244911

For details relating to changes to our Registered Office, see paragraph titled '*Changes in the Registered Office of the Company*' on page 97 of section titled '*History and Certain Corporate Matters*' of the Prospectus.

***Registrar of Companies*****Registrar of Companies, Mumbai**

Everest Building,  
100, Marine Drive,  
Mumbai 400 002,  
Maharashtra, India

***Board of Directors of our Company***

Our Board comprises the following:

<b>Name</b>	<b>Designation</b>	<b>Directors Identification Number</b>
Mr. Mahesh Mehta	Chairman and Managing Director	00191524
Mrs. Megha Chadawalla	Non-Executive Director	07118714
Mr. Santosh Sawant	Non-executive & Independent Director	06695211
Mr. Kamlesh Kapadia	Non-executive & Independent Director	06718506

For further details of our Directors, see section titled '*Our Management*' beginning on page 100 of the Prospectus.

***Company Secretary and Compliance Officer*****Mr. Deep Shah**

Office No. 9, 2<sup>nd</sup> Floor, Bharat House,  
104, Mumbai Samachar Marg, Fort,  
Mumbai – 400 001  
Maharashtra, India.

**Tel:** +91 – 22 – 2267 6700

**Email:** info@hktrade.in

**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 account and refund orders, 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, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Application Form was submitted by the ASBA Applicant.

***Lead Manager to the Issue***

**Intensive Fiscal Services Private Limited**

914, 9<sup>th</sup> Floor, Raheja Chambers,  
Free Press Journal Marg, Nariman Point,  
Mumbai – 400 021,  
Maharashtra, India.

**Tel:** +91 22 2287 0443/44/45

**Fax:** +91 22 2287 0446

**Investor Grievance ID:** ipo@intensivefiscal.com

**Website:** www.intensivefiscal.com

**Contact Person:** Mr. Harish Khajanchi/ Mr. Mudit Kankariya

**SEBI Registration Number:** INM000011112

***Registrar to the Issue***

**Sharex Dynamic (India) Private Limited**

Unit No.1, Luthra Ind. Premises.  
Safed Pool, Andheri Kurla Road,  
Andheri (E), Mumbai 400 072,  
Maharashtra, India.

**Tel:** +91 - 22 - 2851 5606 / 5644 / 6338

**Fax:** +91 - 22 - 2851 2885

**Website:** www.sharexindia.com

**Email:** sharexindia@vsnl.com

**Contact Person:** Mr. K.C. Ajitkumar

**SEBI Registration No.:** INR000002102

***Legal Advisor to the Issue***

**Joby Mathew & Associates, Advocates**

1111, 11th Floor, Maker Chambers V  
Nariman Point, Mumbai - 400 021  
Maharashtra, India

**Tel:** +91 22 22831171

**Fax:** +91 22 22831171

**Email:** joby@advocatejoby.com

**Contact Person:** Mr. Joby Mathew

***Statutory Auditor to the Company***

**M/s. Nirmal Nahata & Associates**

**Chartered Accountants**

B-6, Richmond C.H.S., New Raviraj Complex,  
Jesal Park, Bhayander (East), Thane – 401105,  
Maharashtra, India

**Tel:** +91 9821677996 / +91 9320677996

**E-Mail:** nirmalkumarnahata@yahoo.com

**Firm Registration No:** 116034W

**Contact Person:** Mr. Nirmal Kumar Nahata



***Peer Reviewed Auditor***

**M/s. Talati & Talati,  
Chartered Accountants,  
233, Kaliandas Udyog Bhavan,  
Near Century Bazar,  
Prabhadevi, Mumbai – 400 025,  
Maharashtra, India.  
Tel: +91 +91 9867353743  
E-Mail: anad.banka@talatiandtalati.com  
Firm Registration No: 110758W  
Contact Person: Mr. Anand Banka**

M/s. Talati & Talati holds a peer reviewed certificate dated March 25, 2013 issued by the Institute of Chartered Accountants of India.

***Banker to our Company***

**HDFC Bank Limited  
Manekji Wadia Bldg., Gr. Floor,  
Nanik Motwani Marg,  
Fort Mumbai – 400001,  
Maharashtra India  
Tel: +91 22 30235841  
E-Mail: lalitkhatri@hdfcbank.com  
Website: www.hdfcbank.com  
Contact Person: Mr. Lalit Khatri**

***Bankers to the Issue/ Escrow Collection Bank(s)***

Axis Bank  
Ground Floor Jeevan Praksh Building,  
Sir P.M. Road, Fort,  
Mumbai-400001,  
Maharashtra, India,  
Tel.: +91 22 40867373  
Fax: +91 22 40867417  
E-Mail: linford.d'abreo@axisbank.com  
Website: www.axisbank.com  
Contact Person: Mr. Linford D' Abreo  
SEBI Registration Number: INBI00000017

***Refund Banker to the Issue***

Axis Bank  
Ground Floor Jeevan Praksh Building,  
Sir P.M. Road, Fort,  
Mumbai-400001,  
Maharashtra, India,  
Tel.: +91 22 40867373  
Fax: +91 22 40867417  
E-Mail: linford.d'abreo@axisbank.com  
Website: www.axisbank.com  
Contact Person: Mr. Linford D' Abreo  
SEBI Registration Number: INBI00000017

***Self Certified Syndicate Banks***

A list of banks that have been notified by SEBI to act as SCSBs for the ASBA Process is provided on [www.sebi.gov.in/pmd/scsb.pdf](http://www.sebi.gov.in/pmd/scsb.pdf). For details on Designated Branches of SCSBs collecting the ASBA Application Form, please refer to the above mentioned SEBI website.

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

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

### ***Statement of Inter se Allocation of Responsibilities for the Issue***

Intensive Fiscal Services Private Limited is the sole Lead Manager to this Issue, and hence is responsible for all the issue management related activities.

### ***Credit Rating***

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

### ***IPO Grading***

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

### ***Monitoring Agency***

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 500.00 crores.

However, as per the Clause 52 of the SME Listing Agreement to be entered into with the Stock Exchange upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

### ***Expert***

Except for the report which is provided by (a) independent auditors on the restated financial statements; and (b) statutory auditors on statement of tax benefits, (a copy of the said report and statement of tax benefits has been included in the Prospectus), we have not obtained any other expert opinions.

### ***Trustees***

This being an Issue of Equity Shares, the appointment of trustees is not required.

### ***Appraising Entity***

The objects of the Issue and deployment of funds are not appraised by any appraising agency.

### ***Underwriting***

The company and the Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten, with more than 15% of the Issue being underwritten by the Lead Manager – Intensive Fiscal Services Private Limited.

Pursuant to the terms of the Underwriting Agreement dated March 16, 2015, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Details of the Underwriting commitments are as under:

<b>Details of the Underwriter</b>	<b>No. of Shares underwritten</b>	<b>Amount Underwritten (Rs. in lakhs)</b>	<b>% of the Total Issue Size Underwritten</b>
<b>Intensive Fiscal Services Private Limited</b> 914, 9 <sup>th</sup> Floor, Raheja Chambers, Free Press Journal Marg, Nariman Point,	11,36,000	204.48	89.31%





Details of the Underwriter	No. of Shares underwritten	Amount Underwritten (Rs. in lakhs)	% of the Total Issue Size Underwritten
Mumbai – 400 021, Maharashtra, India. <b>Tel:</b> +91 22 2287 0443/44/45 <b>Fax:</b> +91 22 2287 0446 <b>Investor Grievance ID:</b> ipo@intensivefiscal.com <b>Website:</b> www.intensivefiscal.com <b>Contact Person:</b> Mr. D. K. Surana <b>SEBI Registration Number:</b> INM000011112			
<b>K. M. Jain Stock Brokers Private Limited</b> 631, P.J. Towers, Bombay Stock Exchange, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India. <b>Tel:</b> +91 22 3028 2276 <b>Fax:</b> +91 22 2272 2189 <b>E-mail:</b> kmjpl@mtnl.net.in <b>Contact Person:</b> Mr. Anand Jain <b>SEBI Registration No.:</b> INB010990232 (BSE), INB230990237 (NSE) <b>Market Maker Registration No. (SME Segment of BSE):</b> SMEMM0035211052012	1,36,000	24.48	10.69%

In the opinion of our company's Board of Directors (based on certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective obligations in full. The Above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange.

#### Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager Intensive Fiscal Services Private Limited hereby have entered into an agreement dated March 16, 2015 with Market Maker registered with the SME Platform of BSE in order to fulfill the obligations of Market Making.

Particulars	Details about K. M Jain Stock Brokers Private Limited
<b>Name of Market Maker</b>	<b>K. M. Jain Stock Brokers Private Limited</b>
<b>Registered Office</b>	631, P.J. Towers, Bombay Stock Exchange, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India.
<b>Tel:</b>	+91 22 3028 2276
<b>Fax:</b>	+91 22 2272 2189
<b>E-mail:</b>	kmjpl@mtnl.net.in
<b>Contact Person:</b>	Mr. Anand Jain
<b>SEBI Registration No.:</b>	INB010990232 (BSE), INB230990237 (NSE)
<b>Market Maker Registration No. (SME Segment of BSE)</b>	SMEMM0035211052012

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

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

- 1) The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.

- 2) The minimum depth of the quote shall be Rs. 1,00,000/- . However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- 3) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
- 4) There would not be more than five Market Makers for a scrip at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 5) The Market Maker shall have the right to terminate said arrangement by giving a one month notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker.

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

- 6) SEBI has issued a circular no. CIR/MRD/DSA/31/2012 dated November 27, 2012 providing guidelines for Market Makers for the inventory management on the SME Exchange / Platform. The Market Makers agree to abide by such guidelines/circulars and any further guidelines/circulars issued by SEBI or Stock Exchange from time to time.
- 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 or 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) **Risk containment measures and monitoring for Market Maker:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
- 11) **Punitive Action in case of default by Market Maker:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

- 12) **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to Rs. 25000 lacs, the applicable price bands for the first day shall be:
  - In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
  - Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

The following spread will be applicable on the BSE SME Exchange/ Platform:

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



Sr. No.	Market Price Slab (in Rs.)	Proposed spread (in % to sale price)
4	Above 100	5

- 13) 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 at the date of the Prospectus, before and after the Issue, is set forth below:

*(Rs. in lakhs, except share data)*

	Particulars	Aggregate nominal value	Aggregate value at Issue Price
A)	<b>AUTHORISED SHARE CAPITAL</b>		
	27,50,000 Equity Shares of Rs. 10 each	275.00	-
B)	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE</b>		
	13,60,000 Equity Shares of Rs 10 each <sup>(1)</sup>	136.00	-
C)	<b>PRESENT ISSUE IN TERMS OF THE PROSPECTUS<sup>(2)</sup></b>		
	Fresh Issue of 12,72,000 Equity Shares of Rs. 10 each at a premium of Rs. 8 per share	127.20	228.96
	<b>Which comprises:</b>		
(i)	1,36,000 Equity Shares of Rs. 10/- each at a premium of Rs. 8/- per Equity Share reserved as Market Maker Portion	13.60	24.48
(ii)	Net Issue to Public of 11,36,000 Equity Shares of Rs. 10/- each at a premium of Rs. 8/- per Equity Share to the Public	113.60	204.48
	<b>Of Which:</b>		
	5,68,000 Equity Shares of Rs. 10/- each at a premium of Rs. 8/- per Equity Share will be available for allocation for Investors of upto Rs. 2 Lakhs	56.80	102.24
	5,68,000 Equity Shares of Rs. 10/- each at a premium of Rs. 8/- per Equity Share will be available for allocation for Investors of above Rs. 2 Lakhs	56.80	102.24
D)	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE</b>		
	26,32,000 Equity Shares of Rs. 10 each	263.20	-
E)	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue		9.68
	After the Issue		111.44

<sup>(1)</sup>All Equity shares issued are fully paid-up.

<sup>(2)</sup>The Issue has been authorised pursuant to resolution of the Board of Directors dated January 15, 2015 and approved by our shareholders vide resolution passed at the Extra-ordinary General Meeting held on February 20, 2015, under Section 62(1)(c) of the Companies Act, 2013.

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

### Classes of Shares

The Company has only one class of share capital i.e. Equity Shares of Rs. 10/- each only.

### Notes to the Capital Structure

#### 1. Share Capital History

##### *(a) Changes in Authorised Share Capital of the Company*

Date of Meeting	Nature of Meeting	Number of Equity Shares	Face value (Rs.)	Cumulative number of equity shares	Cumulative Authorised Share Capital (Rs.)
Incorporation <sup>(1)</sup>	-	20,00,000	10	20,00,000	2,00,00,000
September 9, 2013	EGM	7,50,000	10	27,50,000	2,75,00,000

<sup>(1)</sup>Our Company was incorporated on June 28, 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm). The shares are allotted to the erstwhile partners as against their capital in the erstwhile partnership firm.

**(b) Equity Share Capital History of our Company**

Our Company has made allotments of Equity Shares from time to time. Our Company has not made allotment of preference shares. The following is the Equity share capital build-up of our Company:

Date of allotment	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Cumulative number of equity shares	Cumulative equity share capital (Rs.)	Cumulative share premium (Rs.)
Incorporation	11,60,000	10	10	Conversion of Partnership Firm into Public Limited Company <sup>(1)</sup>	Initial subscription <sup>(1)</sup>	11,60,000	1,16,00,000	Nil
December 18, 2013	2,00,000	10	18	Cash	Allotment <sup>(2)</sup>	13,60,000	1,36,00,000	16,00,000

- Our Company was incorporated on June 28, 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm). The shares are allotted to the erstwhile partners as against their capital in the erstwhile partnership firm.
- The Company allotted 2,00,000 Equity Shares of Rs. 10/- each at Rs. 18 per share( including share premium of Rs. 8 per share) to Knowell Enterprises Private Limited.

**2. Equity Shares issued for consideration other than cash**

The details of Equity Shares issued for consideration other than cash is as follows:

Date of allotment	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for allotment	Allottees and No. of shares Issued
Incorporation	11,60,000	10	10	Conversion of Partnership Firm into Public Limited Company <sup>(1)</sup>	Initial subscription <sup>(1)</sup>	<ol style="list-style-type: none"> <li>Mahesh Mehta – 5,80,000 shares</li> <li>Daksha Mehta – 2,65,000 shares</li> <li>Knowell Enterprises Pvt. Ltd. – 2,500 shares</li> <li>Jatin Shah – 2,00,000 shares</li> <li>Chintan Mehta – 55,000 shares</li> <li>Mahesh Mehta (HUF) – 52,500 shares</li> <li>Reema Shah – 5,000 shares</li> </ol>

<sup>(1)</sup>Our Company was incorporated on June 28, 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm). The shares are allotted to the erstwhile partners as against their capital in the erstwhile partnership firm.

Notes:

- Our Company has not allotted any Equity Shares pursuant to any scheme approved under section 391-394 of the Companies Act, 1956



- Our Company has not issued any bonus shares out of Revaluation Reserves.

### 3. Capital Built up of the Promoter's Contribution and Lock-in details

#### a) Details of build-up of Promoter's shareholding in our Company

Set forth below are the details of the build-up of our Promoter's shareholding:

Name of the Promoter	Date of allotment/transfer *	No. of Equity Shares *	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.) **	Pre-Issue %	Post-Issue %	Consideration	Nature of Transaction	Lock-in period
<b>Mahesh Mehta</b>	On Incorporation	5,55,000	10	10	40.81 %	21.09 %	Conversion of Partnership Firm into Public Limited Company <sup>(1)</sup>	Subscription to Memorandum	3 years
	On Incorporation	25,000	10	10	1.84 %	0.95 %	Conversion of Partnership Firm into Public Limited Company <sup>(1)</sup>	Subscription to Memorandum	1 years
<b>Grand Total</b>		<b>5,80,000</b>			<b>42.65 %</b>	<b>22.04 %</b>			

<sup>(1)</sup>The shares were allotted to the extent of partners' capital outstanding in the erstwhile partnership firm.

\* The Equity Shares were fully paid on the date of their allotment.

\*\* The cost of acquisition excludes the stamp duty paid.

- None of the Equity Shares held by our Promoters is pledged or encumbered on the date of filing the Prospectus.
- The entire Promoters' shares shall be subject to lock-in from the date of listing of the equity shares issued through this Prospectus for periods as per applicable Regulations of the SEBI (ICDR) Regulations. For details please see Note no. 3(b) of "Capital Structure" on page 47 of this Prospectus.
- Our Promoters have confirmed to the Company and the LM that the Equity Shares held by our Promoters have been financed from their personal funds or its 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.

#### b) Details of Promoters' Contribution locked-in for three years

Pursuant to Regulations 32(1) and 36(a) of the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as promoters' contribution ("Promoter's Contribution") and locked-in for a period of three years from the date of Allotment.

The lock-in of the Promoter's Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before the listing of the Equity Shares.

Our Promoters have given consent to include such number of Equity Shares held by them as may constitute minimum 20% of the post-Issue equity share capital of our Company as Promoter's Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoter's Contribution from the date of filing of the Prospectus until the commencement of the lock-in period specified above. Details of Promoters' Contribution are as provided below:



Sr. No.	Name of the Promoter	Date of allotment/transfer and made fully paid	Nature of Allotment	Face Value (Rs.)	Issue/Acquisition Price (Rs.)	Consideration	No. of Equity Shares locked-in	% of post issue paid up capital	Lock-in period
1.	<b>Maresh Mehta</b>	On Incorporation	Subscription to Memorandum	10	10	Conversion of Partnership Firm into Public Limited Company <sup>(1)</sup>	5,55,000	21.09%	3 Years

<sup>(1)</sup>The shares were allotted to the extent of partners' capital outstanding in the erstwhile partnership firm.

The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot and from persons who are classified and defined as 'Promoters' of our Company as per the SEBI ICDR Regulations.

The Equity Shares that are being locked-in are not and will not be ineligible for computation of Promoter's contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares subject to lock-in for three years do not and shall not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired, by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity Shares allotted to promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms, where the partners of the erstwhile partnership firms are the promoters of the issuer and there is no change in the management:  
Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible;

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

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

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

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the

remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as applicable.

We further confirm that our Promoters' Contribution of 20% of the Post Issue Equity does not include any contribution from Alternative Investment Funds.

**c) Details of share capital locked in for one year**

- Pursuant to Regulation 37 of the SEBI Regulations (ICDR), in addition to the lock-in of the Promoter's Contribution, the entire pre-Issue equity share capital of our Company (including those Equity Shares held by our Promoters), shall be locked in for a period of one (1) year from the date of Allotment in this Issue.
- Pursuant to Regulation 39 of the SEBI Regulations (ICDR), the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Prospectus, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 40 of the SEBI Regulations (ICDR), Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations (ICDR), may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.
- Pursuant to Regulation 40 of the SEBI Regulations (ICDR), Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations (ICDR), may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

**4. Pre-Issue and Post Issue Shareholding of our Promoters and Promoters' Group**

Set forth is the shareholding of our Promoters and Promoter Group before and after the proposed issue:

Category of Shareholders	Prior to the Issue		Post Issue	
	No. of Equity Shares	% of Equity Share Capital	No. of Equity Shares	% of Equity Share Capital
<b><u>Promoters (A)</u></b>				
<b><u>Indian</u></b>				
Mahesh Mehta	5,80,000	42.65%	5,80,000	22.04%
<b>sub-total (A)</b>	<b>5,80,000</b>	<b>42.65%</b>	<b>5,80,000</b>	<b>22.04%</b>
<b><u>Promoter Group and Relatives (B)</u></b>				
Daksha Mehta	265,000	19.49%	265,000	10.07%
Jatin Shah	200,000	14.71%	200,000	7.60%
Chintan Mehta	55,000	4.04%	55,000	2.09%
Mahesh Mehta (HUF)	52,500	3.86%	52,500	1.99%
Reema Shah	5,000	0.37%	5,000	0.19%
Knowell Enterprises Pvt. Ltd.	2,02,500	14.89%	2,02,500	7.69%
<b>Sub-total (B)</b>	<b>7,80,000</b>	<b>57.35%</b>	<b>7,80,000</b>	<b>29.64%</b>
<b><u>Grand Total (A+B)</u></b>	<b>13,60,000</b>	<b>100.00%</b>	<b>13,60,000</b>	<b>51.67%</b>

Except as otherwise stated in this section, none of the members of our Promoter Group hold or have held any Equity Shares.

**5. The top ten shareholders of our Company and their shareholding are set as forth below:**

As on the date of the Prospectus, our Company has 7 (Seven) shareholders.

a) Our top ten shareholders and the number of Equity Shares held by them, as on the date of the Prospectus:

Sr. No.	Shareholder	No. of Equity Shares	Pre Issue %
1.	Mahesh Mehta	580,000	42.65%
2.	Daksha Mehta	265,000	19.49%
3.	Knowell Enterprises Pvt. Ltd.	202,500	14.89%
4.	Jatin Shah	200,000	14.71%
5.	Chintan Mehta	55,000	4.04%
6.	Mahesh Mehta (HUF)	52,500	3.86%
7.	Reema Shah	5,000	0.37%
	<b>Total</b>	<b>1,360,000</b>	<b>100.00%</b>

b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to the date of this Prospectus:

S. No.	Shareholder	No. of Equity Shares	%
1.	Mahesh Mehta	580,000	42.65%
2.	Daksha Mehta	265,000	19.49%
3.	Knowell Enterprises Pvt. Ltd.	202,500	14.89%
4.	Jatin Shah	200,000	14.71%
5.	Chintan Mehta	55,000	4.04%
6.	Mahesh Mehta (HUF)	52,500	3.86%
7.	Reema Shah	5,000	0.37%
	<b>Total</b>	<b>1,360,000</b>	<b>100.00%</b>

c) Our top ten shareholders two years prior to the date of this Prospectus:

S. No.	Shareholder	No. of Equity Shares	%
1.	Mahesh Mehta	580,000	50.00%
2.	Daksha Mehta	265,000	22.84%
3.	Knowell Enterprises Pvt. Ltd.	2,500	0.22%
4.	Jatin Shah	200,000	17.24%
5.	Chintan Mehta	55,000	4.74%
6.	Mahesh Mehta (HUF)	52,500	4.53%
7.	Reema Shah	5,000	0.43%
	<b>Total</b>	<b>1,160,000</b>	<b>100.00%</b>

## 6. Our shareholding pattern

The table below presents the equity shareholding of the Company (pre-issue) in the Clause 37 format of the Listing Agreement of the BSE:

Agreement of the DSE:								
		Pre-Issue					Shares Pledged or otherwise encumbered	
Category code	Category of shareholder	No. of share holders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares			
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	As a percentage
(A)	Promoter and Promoter Group							



		Pre-Issue					Shares Pledged or otherwise encumbered	
Category code	Category of shareholder	No. of shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares			
					As a percentage of (A+B)	As a percentage of (A+B+C)		
(1)	Indian							
(a)	Individuals/ Hindu Undivided Family	6	11,57,500	11,57,500	85.11%	85.11%	NIL	NIL
(b)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Bodies Corporate	1	2,02,500	2,02,500	14.89%	14.89%	NIL	NIL
(d)	Financial Institutions/ Banks	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(e)	Any Other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub-Total (A)(1)	7	13,60,000	13,60,000	100.00	100.00	NIL	NIL
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b)	Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d)	Any Other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Sub-Total (A)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+ (A)(2)	7	13,60,000	13,60,000	100.00	100.00	NIL	NIL
(B)	Public shareholding							
(1)	Institutions							
(a)	Mutual Funds/UTI	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b)	Financial Institutions/ Banks	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Central Government/ State Government(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(d)	Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL

		Pre-Issue					Shares Pledged or otherwise encumbered	
Category code	Category of shareholder	No. of share holders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares			
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	As a percentage
(e)	Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(f)	Foreign Institutional Investors	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(g)	Foreign Venture Capital Investors	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(h)	Nominated investors (as defined in Chapter XB of SEBI (ICDR) Regulations)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(i)	Market Makers	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(j)	Any Other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	<b>Sub-Total (B)(1)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b)	Individuals –							
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(c)	Any Other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	<b>Sub-Total (B)(2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>TOTAL (A)+(B)</b>	<b>7</b>	<b>13,60,000</b>	<b>13,60,000</b>	<b>100.00</b>	<b>100.00</b>	<b>NIL</b>	<b>NIL</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>7</b>	<b>13,60,000</b>	<b>13,60,000</b>	<b>100.00</b>	<b>100.00</b>	<b>NIL</b>	<b>NIL</b>



**Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoters and Promoter Group”**

Sr. No.	Name of Shareholder	Details of Shares held		Encumbered Shares		Details of Warrants/Convertible Securities		Total Shares	
		No. of Shares held	As a % of (A+B+C)	No. of Shares	As a % of (A+B+C)	No. of Warrants / Convertible Securities	As a % of (A+B+C)	No. of shares	As a % of (A+B+C)
1	Mahesh Mehta	580,000	42.65%	NIL	NIL	NIL	NIL	580,000	42.65%
2	Daksha Mehta	265,000	19.49%	NIL	NIL	NIL	NIL	265,000	19.49%
3	Knowell Enterprises Pvt. Ltd.	202,500	14.89%	NIL	NIL	NIL	NIL	202,500	14.89%
4	Jatin Shah	200,000	14.71%	NIL	NIL	NIL	NIL	200,000	14.71%
5	Chintan Mehta	55,000	4.04%	NIL	NIL	NIL	NIL	55,000	4.04%
6	Mahesh Mehta (HUF)	52,500	3.86%	NIL	NIL	NIL	NIL	52,500	3.86%
7	Reema Shah	5,000	0.37%	NIL	NIL	NIL	NIL	5,000	0.37%
	<b>Total</b>	<b>13,60,000</b>	<b>100.00%</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>13,60,000</b>	<b>100.00%</b>

**Statement showing details of locked-in shares**

Sr. No.	Name of Shareholder	No. of Locked-in shares	Locked-in Shares as a % of (A+B+C)
1	Mahesh Mehta	580,000	42.65%
2	Daksha Mehta	265,000	19.49%
3	Knowell Enterprises Pvt. Ltd.	202,500	14.89%
4	Jatin Shah	200,000	14.71%
5	Chintan Mehta	55,000	4.04%
6	Mahesh Mehta (HUF)	52,500	3.86%
7	Reema Shah	5,000	0.37%
	<b>Total</b>	<b>13,60,000</b>	<b>100.00%</b>

**7. Except as set forth below, none of our Directors or Key Management Personnel hold Equity Shares**

Sr. No.	Name of shareholder	Number of Equity Shares held	Pre Issue %	Post Issue %
1.	Mr. Mahesh Mehta	5,80,000	42.65%	22.04%
2.	Mr. Chintan Mehta	55,000	4.04%	2.09%

**8.** Neither the Company, nor its Promoter, Directors of Promoter, Directors, nor the Lead Manager have entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of the Company from any person.

**9.** 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 the Prospectus.

**10.** The Lead Manager and its associates do not hold any Equity Shares as on the date of filing of the Prospectus.

**11.** As of the date of the Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoters or Shareholders, or any other person any option to receive Equity



Shares after the Issue.

12. As on the date of the 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.
13. Our Company has not revalued its assets since incorporation.
14. Our Company has not issued any Equity Shares out of its revaluation reserves.
15. Our Company has not raised any bridge loan against the Issue Proceeds. For details on use of Proceeds, see the Section titled "*Objects of the Issue*" beginning on page 56 of the Prospectus.
16. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing the Prospectus.
17. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no allotment shall be made.
18. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of this Prospectus the entire pre-issue share capital of the Company has been made fully paid up.
19. 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.
20. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
21. Except as disclosed under section titled "*Issue Structure*" beginning on page 194 of the Prospectus, there will be no further issue of Equity Shares either by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus with SEBI until the Equity Shares have been listed.
22. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOS/ESPS scheme from the proposed Issue.
23. Except as disclosed under this section, none of our Directors, their immediate relatives, Promoters, its Directors and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing the Prospectus with SEBI.
24. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of registering the Prospectus with the RoC and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
25. Our Promoters or Promoter Group will not participate in the Issue.
26. 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 depositories. The details of lock-in shall also be provided to the stock exchanges, where the shares are to be listed, before the listing of the securities.
27. Except as disclosed in the Prospectus, our Company does not have any intention, proposal, negotiations or consideration to alter its capital structure by way of split /consolidation of the denomination of the Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities, within a period of six months from the Issue Opening Date.
28. During the period of six months immediately preceding the date of filing of the Prospectus, no financing arrangements existed for buying whereby our Promoters, its Directors, our Promoter Group, our Directors and their relatives may have financed the purchase of Equity Shares by any other person, other than in the normal course of the business of such financing entity.



29. 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, 2009 and its amendments from time to time.
30. This issue is being made through Fixed Price method.
31. Our Company has Seven (7) shareholders as on the date of filing the Prospectus.
32. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Applicant.
33. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
34. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
35. Under subscription, if any, in any category, shall be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the Lead Manager and the Designated Stock Exchange i.e. BSE. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines
36. There are no safety net arrangements for this public issue.
37. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased so as to ensure that 20% of the Post Issue paid-up capital is locked in for 3 years.

## OBJECTS OF THE ISSUE

We intend to use the proceeds of the Issue for the following purposes:

1. To meet long-term working capital requirement
2. To meet General Corporate expenses
3. To meet Public Issue Expenses

(Collectively referred to hereinafter as the “**Objects**”)

The other Objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on the SME Platform of BSE. We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the main object clause of our Memorandum of Association.

We intend to utilize the Issue Proceeds, after deducting public issue expenses for financing the growth of our business.

### Requirement of funds

The following table summarizes the requirement of funds:

(Rs. In Lakhs)		
Sr. No.	Particulars	Amount
1	Long term working capital requirement	156.00
2	General Corporate Expenses	50.00
3	Issue Expenses	22.96
	<b>Total</b>	<b>228.96</b>

### Means of Finance

(Rs. In Lakhs)		
Sr. No.	Particulars	Amount
1	Public Issue Proceeds	228.96

The entire requirement of funds is proposed to be funded through the proceeds of the Issue.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may, subject to compliance with applicable laws and regulations, also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of Issue Proceeds. In case of variations in the actual utilization of funds earmarked 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. Also, any decreased fund requirements that lead to additional funds available for deployment as compared to the funding requirements mentioned below, the same shall be utilized as per the discretion of our management for general corporate purposes. In case of any delay in raising the funds proposed through this Issue, the company shall utilize its Internal Accruals to pay for the Issue related expenses till then.

Our Company confirms that it is not required to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, as it intends to raise the amount through proposed public issue.

### Details of the use of the proceeds

#### 1. Long-term Working Capital Requirement

Our business is working capital intensive and we currently fund the same through internal accruals.

We expect a further increase in the working capital requirements in view of current and potential operations of various products as stated in main object of our company. Accordingly, we have proposed to use Rs. 156 lakhs out of the issue proceeds to meet the increase in long term working capital requirements.

(Rs. In lakhs)

	Particulars	FY 2014	FY 2015	FY 2016
		Audited	Audited	Estimated
<b>A.</b>	<b>Current Assets</b>			
	- Inventories	21.65	49.20	69.04
	- Trade Receivables	128.19	63.33	189.86
	- Short term loans & advances and other current assets	9.16	6.93	13.42
	<b>Total Current Assets</b>	<b>159.00</b>	<b>119.46</b>	<b>272.33</b>
<b>B.</b>	<b>Current Liabilities</b>			
	- Trade Payables	29.05	48.37	32.34
	- Other Current Liabilities & Short term provisions	5.10	11.35	8.08
	<b>Total Current Liabilities</b>	<b>34.15</b>	<b>59.72</b>	<b>40.42</b>
<b>C.</b>	<b>Working Capital Gap (A-B)</b>	<b>124.85</b>	<b>59.74</b>	<b>231.90</b>
<b>D.</b>	<b>Fund-based working capital limits</b>	-		-
<b>E.</b>	<b>Internal Accruals</b>	<b>124.85</b>	<b>59.74</b>	<b>75.90</b>
<b>F.</b>	<b>Working Capital funding through IPO proceeds</b>	-		<b>156.00</b>

As per our estimates we would require Rs. 156 lakhs out of the issue proceeds to meet the working capital requirements. We have estimated future working capital requirements based on the following assumption:

(No. of days)

Particulars	Basis	FY 2014	FY 2015	FY 2016
Trade Receivables	Debtors Collection Period	139	55	99
Inventories	Days of Cost of Goods consumed	26	49	36
Short term loans & advances and other current assets	Days based on total turnover	10	6	7
Trade payables, Other current liabilities and short term provisions	Creditors Payment Period	41	59	24

## 2. General Corporate Purposes

The Net Proceeds will first be utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations.

We, in accordance with the policies of our Board as decided from time to time, intend to use approximately Rs.50 lakhs from the proceeds of the issue towards general corporate purpose, including but not restricted to (i) for our working capital requirements, margin money, bank deposits, deposits for renting etc.; (ii) acquiring fixed assets including land, building, furniture and fixtures, equipments and machineries; (iii) funding for attaining to any business / product mentioned in main objects of memorandum of association of our company, or funding inorganic or other growth opportunity including partnership, joint venture, strategic alignment, strategic initiatives; (iv) starting new products as per object of our company, expansion into new geographies, brand building exercises, strengthening of our production and marketing capabilities; (v) meeting expenses incurred in the ordinary course of business or meeting of exigencies which our Company may face in course of business and commitments.

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

### 3. Public Issue Expenses

The estimated issue related expenses include, among others, market making fees, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar's fees, depository fees and listing Fees. The total expenses for this Issue are estimated to be approximately Rs. 22.96 lakhs, which is 10.03% of the Issue size.

All the Issue related expenses shall be met out of the proceeds of the Issue and the break-up of the same is as follows including already incurred to the extent of Rs. 6.59 Lacs - as per certificate of M/s. Nirmal Nahata & Associates Chartered Accountants dated August 10, 2015. The amount already incurred towards the Objects of the Issue as detailed herein and met out of internal accruals, shall be replenished out of the proceeds of issue.

Activity	Expenses (Rs. in lakhs)	Percentage of Issue Expenses	Percentage of the Issue Size
Payment to Merchant Bankers, market making fees, selling commissions, underwriting commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers, etc and other out of pocket expenses	12.96	56.44%	5.66%
Printing and Stationery and postage expenses	1.50	6.53%	0.66%
Advertising and Marketing expenses	3.50	15.25%	1.53%
Regulatory fees and expenses	3.25	14.16%	1.42%
Other Expenses	1.75	7.62%	0.76%
<b>Total estimated issue expenses</b>	<b>22.96</b>	<b>100.00%</b>	<b>10.03%</b>

### Appraisal

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

### Monitoring Utilization of Funds

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall on half-yearly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

### Funds deployed

Our Statutory Auditors - M/s. Nirmal Nahata & Associates have vide certificate dated August 10, 2015 confirmed that as on August 10, 2015, the Company has deployed the following funds from the proposed Requirement of Funds mentioned above:

(Rs. in Lakhs)		
Sr. No.	Particulars	Amount deployed
1	Issue Expenses	6.59
	<b>Total</b>	<b>6.59</b>



They have also further confirmed that the same were deployed from the Internal Accruals of the Company.

#### **Estimated Schedule of Implementation and Deployment of Funds**

(Rs. in Lakhs)

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount incurred already upto August 10, 2015</b>	<b>Amount to be deployed in F.Y. 2015-16</b>
1	Long term working capital requirement	-	156.00
2	General Corporate Purposes	-	50.00
3	Issue Expenses	6.59	16.37
	<b>Total</b>	<b>6.59</b>	<b>222.37</b>

#### **Interim Use of Proceeds**

Our management, in accordance with the policies established by the Board from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, our Company will temporarily invest the Proceeds in deposits with schedule commercial banks included in 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.

## BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is Rs.10/- and Issue Price is Rs.18/- per Equity Shares and is 1.8 times the face value.

Investors should read the following summary with the “*Risk factors*” beginning from page no. 12 of this Prospectus, section titled “*History and Certain Corporate Matters*” beginning from page 97 and “*Financial Information*” beginning from page 125 of this Prospectus. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

### ***Qualitative Factors***

We believe that our business strengths listed below deliver that cutting edge that enables us to remain competitive in our businesses:

- Experience of our Promoter
- Multiproduct Portfolio
- Customized Service
- Strong Customer Base
- Fully Integrated Manufacturing Facility

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, see the chapters titled “*Business Overview*” and “*Risk Factors*” beginning on pages 79 and 12, respectively, of this Prospectus.

### ***Quantitative Factors***

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

#### **1. Weighted Average Earnings Per Share (Basic EPS)**

Period	Basic EPS (Rs.)	Diluted EPS (Rs.)	Weight
FY 2012-13*	2.51	1.32	1
FY 2013-14	0.24	0.24	2
FY 2014-15	0.88	0.88	3
<b>Weighted Average</b>	<b>0.94</b>	<b>0.74</b>	

\* Our Company was incorporated on June 28, 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm).

*Note:*

- i. The figures disclosed above are based on the restated summary statements of the Company.
- ii. The face value of each Equity Share is Rs. 10.
- iii. EPS represents basic earnings per share calculated as per Accounting Standard-20 issued by Institute of Chartered Accountants of India.
- iv. Please refer “Annexure – XV - SUMMARY OF ACCOUNTING RATIOS BASED ON RESTATED FINANCIAL STATEMENTS” on page 147 of the Prospectus.

#### **2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. 18/-**

Particulars	P/E Ratio
P/E ratio based on Basic EPS for FY 2014-15	20.45
P/E ratio based on Diluted EPS for FY 2014-15	20.45
P/E ratio based on Weighted Average Basic EPS	19.15
P/E ratio based on Weighted Average Diluted EPS	24.32

#### **3. Average Return On Net Worth^**

Period	RONW (%)	Weight
FY 2012-13*	12.59	1
FY 2013-14	1.19	2
FY 2014-15	7.53	3
<b>Weighted Average</b>	<b>6.26</b>	

\* Our Company was incorporated on June 28, 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm).

Note:

- i. ^Networth is defined as share capital + reserves and surplus – miscellaneous expenditure
- ii. Return on Networth has been calculated as per the following formula:  
(Net profit after tax as restated / Networth at the end of the year or period)
- iii. Please refer “Annexure – XV - SUMMARY OF ACCOUNTING RATIOS BASED ON RESTATED FINANCIAL STATEMENTS” on page 147 of the Prospectus.

**4. Minimum Return on Net Worth after Issue needed to maintain Pre-Issue Basic EPS for the FY 2014-15 (based on restated financials) at the Issue Price of Rs. 18/- is 5.98%.**

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

Particulars	NAV (Rs.)
As on March 31, 2013	18.30
As on March 31, 2014	11.23
As on March 31, 2015	11.64
NAV Post-Issue	14.72
Issue Price (Rs.)	18.00

**6. Comparison with other listed companies**

We are primarily engaged in manufacturing / converting adhesive tapes from jumbo adhesive rolls. Currently there is no listed entity in India operating in this particular business segment with similar size, scale and business model and hence a strict comparison with us is not possible.

The face value of Equity shares of our company is Rs. 10/- and the Issue price is 1.8 times of the Face value. The company in consultation with the Lead Manager believes that the Issue price of Rs. 18/- per share for the public issue is justified in view of the above parameters. The Investors may also want to peruse the Risk Factors and Financials of the Company including important profitability and return ratios, as set out in the Auditors’ report in this Prospectus to have more informed view about the investment proposition.



## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors,  
**H.K. Trade International Limited**  
Office No. 9, 2<sup>nd</sup> Floor, Bharat House,  
104, Mumbai Samachar Marg,  
Fort, Mumbai-400001,  
Maharashtra, India

**Sub: Statement of possible tax benefits available to H.K. Trade International Limited and its shareholders**

Dear Sirs,

We hereby certify that the enclosed statement states the probable tax benefits that may be available to H.K. Trade International Limited (the "Company") and to the shareholders of the Company under the applicable provisions of the Income Tax Act, 1961, and the Gift Tax Act, 1958 presently in force in India. Several of these tax benefits are subject to the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive tax benefits is subject to fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil. No assurance is given that the revenue authorities will concur with the views expressed herein.

The benefits discussed in the enclosed statement are neither exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide 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 consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

The contents of this 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.

*No assurance is given that the revenue authorities/Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We are not liable to any other person in respect of this statement.*

This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

For Nirmal Nahata & Associates,  
Chartered Accountants  
(F. R. N. 116034W)

Nirmal Kumar Nahata  
Proprietor  
M. No. 100489

Date: August 10, 2015  
Place: Mumbai



## **SPECIAL SPECIFIC TAX BENEFITS OF THE COMPANY**

### **1. Tax benefit available under Central Sales Tax Act, 1956**

Under Notification No.DNH/CST/4-1/99/3 dated December 31, 1999 read with Notification No.ADM/ LAW/ CST/2/84 dated January 4, 1984 issued in exercise of powers conferred by sub-section (5) of section 8 of the Central Sales Tax, 1956 (Central Act 74 of 1956) the Administrator of the Union Territory of Dadra & Nagar Haveli having considered it necessary so to do in the public interest was pleased to grant exemption from payment of Sales Tax upto 15 years i.e. till March 27, 2017 levied under the said Act to all categories of units i.e. Small Scale Industries, Medium Scale Industries and Large Scale Industries in Dadra and Nagar Haveli (the territory) registration applied/ obtained on or before December 31,1999 and Sales Tax registration obtained on or before April 30, 2000 and started production on or before December 31, 2002.

### **2. Tax benefit available under Dadra & Nagar Haveli Sales Tax Regulation 1978 (Now Dadra & Nagar Haveli Value Added Tax Regulation 2005)**

Under Notification No. ADM/ST/4-1/99/3 dated December 31, 1999 read with Notification No.ADM/ LAW/ ST/1/84 dated January 4, 1984 issued in exercise of powers conferred by sub-section (1) of section 11 of the Dadra & Nagar Haveli Sales Tax Regulation, 1978 (No.2 of 1978) the Administrator of the Union Territory of Dadra & Nagar Haveli having considered it necessary so to do in the public interest was pleased to grant exemption from payment of Sales Tax upto 15 years i.e. till March 27, 2017, levied under the said Regulation to all categories of units i.e. Small Scale Industries, Medium Scale Industries and Large Scale Industries in Dadra and Nagar Haveli (the territory) registration applied/ obtained on or before December 31,1999 and Sales Tax registration obtained on or before February 29, 2000 and started production on or before December 31, 2002. The said exemption has been continued for balance period of exemption under Dadra & Nagar Haveli Value Added Tax Regulation 2005 vide Order No.DNH/VAT/2005/05-06/ 31 dated April 21, 2005 under the Dadra & Nagar Haveli Value Added Tax Exemption cum Deemed Credit Scheme 2005.

### **1. Tax benefits available under Income Tax Act, 1961 (the Act).**

#### **A. Benefits available to the Company**

a. Under section 10(34) of the Act, income by way of dividends (both interim and final) referred to in section 115-O received on shares of any domestic company is exempt from tax. The Company distributing the dividend will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 12% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.

Note: However, effective from 1st October, 2014 dividend distribution tax would be paid after grossing up the net distributed profits by the company.

b. Under section 10(38) of the Act, long term capital gains arising on transfer of equity shares held in another Company or an unit of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax. However, when the company is liable to tax on book profits under section 115JB of the Act, the said income is required to be included in book profits and taken into account in computing the book profit tax payable under section 115 JB.

c. Under section 32 of the Act, the deduction for depreciation will be available at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patents, trademarks, copy rights, know how, licences, franchise or any other business or commercial rights of similar nature.

d. Under section 32(2) of the Act, the unabsorbed depreciation arising due to absence/ insufficiency of profits or gains chargeable to tax can be carried forward. The amount is allowed to be carried forward and set off for the succeeding years until the amount is exhausted without any time limit. Unabsorbed business losses can be carried forward and set off against business profits for eight subsequent years.



- e. Under section 10(35) of the Act, any income (other than capital gains) received in respect of the units of a Mutual Fund specified under section 10(23D) of the Act is exempt from tax.
- f. Under section 35D of the Act, the deduction, subject to prescribed limits, will be available in respect of the expenditure incurred of the nature specified in the said section, including expenditure in connection with the present issue, such as underwriting commission, brokerage and other expenses, as specified in the said section, by way of amortization over a period of five years.
- g. As per the provisions of section 80G of the Act, the deduction will be available in respect of donations to various charitable institutions and funds covered under that section, subject to fulfillment of the conditions specified therein.
- h. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed index factor, resulting into reduced taxable income.
- i. Under section 115JAA (1A) of the Act, tax credit shall be allowed in respect of Minimum Alternate Tax (MAT) paid under section 115JB of the Act for any assessment year commencing on or after 1st April, 2006. The credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set off beyond ten years immediately succeeding the year in which the MAT credit initially arose.
- j. Under section 36 (1) (xv) of the Act, the Securities Transaction Tax paid by the Company in respect of the transactions, the income whereof is chargeable as Business Income, will be allowable as deduction against such income.
- k. As per the provisions of Section 115BBD of the Act, dividend received by an Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess). No deduction in respect of any expenditure or allowance shall be allowed to the Company under any provisions of the Act.

#### **B. Benefits available to resident shareholders**

- a. Under section 10(34) of the Act, income by way of dividends (both interim and final) referred to in section 115-O received on the shares of any domestic Company would be exempt from income tax in the hands of shareholders.
- b. Under section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
- c. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed index factor, resulting into the reduced taxable income. The benefit of indexation as provided in second proviso to section 48 is not available to nonresident shareholders.
- d. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:
  - 1) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
  - 2) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bear to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act. The maximum investment in the specified long-term asset cannot exceed INR 5,000,000 whether made in the Financial Year when the asset or assets are transferred or in a subsequent financial year.



e. Under section 54F of the Act, subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under section 10(38) of the Act) arising to an individual or a Hindu Undivided Family on transfer of shares of the Company will be exempt from capital gains tax, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of such transfer.

f. Under section 111A of the Act, short-term capital gains (i.e., equity shares held for a period not exceeding 12 months) arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess) where the transaction is done through a recognized stock exchange in India and is liable to securities transaction tax.

However in the case of an individual or a Hindu Undivided Family, being resident, where the total income as reduced by such short term capital gains is below the maximum amount which is not chargeable to income tax then, such short term capital gains shall be reduced by the amount by which total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance of such short term capital gains shall be computed at the rate of ten percent. Where the gross total income of an assessee includes any short term capital gains referred herein above then the deduction under chapter VI – A of the Act shall be allowed from the gross total income as reduced by such capital gains.

g. Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares of the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge, education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge, education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of the shares.

However in the case of an individual or a Hindu Undivided Family where the total income as reduced by such long term capital gains is below the maximum amount which is not chargeable to income tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the balance of such long term capital gains shall be computed at the rate of 20% (plus applicable education cesses).

h. Under section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid in respect of taxable securities transactions offered to tax as business income shall be allowable as a deduction against such income.

**C. Benefits available to non-resident shareholders (other than Foreign Institutional Investors and Foreign Venture Capital Investors).**

a. Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on the shares of the Company would be exempt from income tax in the hands of shareholders.

b. Under section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

c. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed index factor, resulting into reduced taxable income.

d. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:

- 1) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- 2) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.





If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act.

e. Under section 54F of the Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under section 10(38) of the Act) arising to an individual or a Hindu Undivided Family on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

f. Under section 111A of the Act and other relevant provisions of the Act, short -term capital gains arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

g. Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company, would be subject to tax at the rate of 20 percent (plus applicable surcharge, education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge, education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

h. **Tax Treaty Benefits:**As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the non resident shareholder would prevail over the provisions of the Act to the extent they are more beneficial to the non resident shareholder.

i. Taxation of income from investment and long term capital gains (other than those exempt under section 10(38) of the Act).

- 1) A non-resident Indian i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the specific provisions contained in Chapter XII-A of the Act, i.e. "Special provisions relating to certain income of non-residents".
- 2) As per the provisions of section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by a non- resident Indian, capital gains arising on transfer of shares held for the period exceeding 12 months shall be concessionally taxed at a flat rate of 10% (plus applicable education cesses) without indexation benefit but with protection against foreign currency fluctuation under the first proviso to section 48 of the Act.
- 3) Under the provisions of section 115F of the Act, long term capital gains arising to a non- resident Indian from transfer of shares of the Company subscribed to in convertible foreign exchange shall be exempt from tax if the net consideration is reinvested in specified assets within six months of the date of transfer. Conversely, under the provisions of the said section, long term capital gains arising to a non resident Indian from transfer of specified assets subscribed to in convertible foreign exchange shall be exempt from tax if net consideration is reinvested in the shares of the Company within six months of date of transfer. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced.
- 4) Under section 115-G of the Act, it shall not be necessary for a non resident Indian to furnish his return of income if his only source of income, liable to tax in India, is investment income or long term capital gains or both arising out of assets acquired, purchased with or subscribed to in convertible foreign exchange and tax deductible at source has been deducted there from.
- 5) As per the provisions of section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for the any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year, and if he does so, the provisions of this Chapter shall not apply to him. In such a case



the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

**D. Benefits available to foreign institutional investors (FIIs\*)**

a. Under section 10(34) of the Act, income by way of dividends (both interim and final) referred to in section 115-O received on the shares of the Company would be exempt from income tax in the hands of shareholders.

b. Under section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

c. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:

- 1) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- 2) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act.

d. As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.

e. Under section 115AD of the Act, income by way of long term capital gains arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @ 10% (plus applicable surcharge, education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

f. As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VIA of the Act

g. Income in respect of interest referred in section 194LD (interest on certain bonds and government securities) is taxable at the rate of 5%. The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors. However, as per the provisions of section 2(14) of the Act, securities held by FIIs in accordance with the SEBI regulations will be regarded as Capital Asset and not as stock in trade.

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

**E. Tax Benefits available to Mutual Funds**

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India, would be exempt from Income-tax

subject to the conditions as the Central Government may notify. However, the mutual funds are liable to pay tax on income distributed to unit holders of non-equity oriented mutual funds under Section 115R of the Act.

## **F. Benefits available to Venture Capital Companies / Funds**

As per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies ('VCC') / Funds ('VCF') (set up to raise funds for investment in a Venture Capital Undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from Income-tax, subject to the conditions specified therein.

However, the exemption is restricted to the VCC and VCF set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under Section 10(23FB)(c).

However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

In the case of Foreign Venture Capital Companies / Funds who are non-residents, as per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident. Thus, the applicable Tax Treaty provisions also need to be examined and factored for final and more favourable implications.

The Ministry of Finance, Government of India, on February 28, 2015, presented the Finance Bill 2015 before the Parliament for the Financial Year 2015-16. The Finance Bill 2015 has proposed to grant Tax pass through status for SEBI registered Category-I and Category-II Alternative Investment Funds (AIFs), subject to conditions contained therein.

## **2. Gift of shares not liable to tax, subject to satisfaction of certain conditions**

- a) Gift of shares would not attract gift tax as such. However, pursuant to section 56 (2) (vii) of the Act, if shares of the company, the fair market value whereof is more than Rs. 50,000/- are transferred by the shareholder of the Company to a Hindu Undivided Family or any individual who is not a relative as defined in the explanation to section 56(2)(vi)] of the shareholder, without consideration or for an inadequate consideration, then, the fair market value of the shares or the difference between the fair market value of the shares and the actual consideration, as the case may be, shall be included in the taxable income of the transferee and taxed as per the provisions of the Act.
- b) After the shares of the Company are listed, transfer of the shares of the Company by any person to any partnership firm, Limited Liability Partnership or closely held company would not attract tax liability under section 56(via) in the hands of the transferee in a case where the transfer is effected without any consideration or for an inadequate consideration.

### **Notes:**

1. The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
2. The tax benefits listed above are not exhaustive.
3. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.
4. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
5. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
6. In view of the individual nature of tax consequences, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its participation in the scheme.
7. 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 hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the offer document which the Company intends to submit to the Stock Exchange(s) and Securities and Exchange Board of India.

For Nirmal Nahata & Associates,  
Chartered Accountants  
(F. R. N. 116034W)

Nirmal Kumar Nahata  
Proprietor  
M. No. 100489

Date: August 10, 2015  
Place: Mumbai



## SECTION IV: ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section is derived from the report is prepared by ICRA Online Limited.*

*All information contained in this document has been obtained by ICRA Online Limited from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Online Limited or its affiliates or group companies and its respective directors, officers, or employees in particular, makes no representation or warranty, express or implied, as to the accuracy, suitability, reliability, timelines or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA Online Limited, or its affiliates or group companies and its respective directors, officers, or employees shall not be liable for any losses or injury, liability or damage of any kind incurred from and arising out of any use of this document or its contents in any manner, whatsoever. Opinions expressed in this document are not the opinions of our holding company, ICRA Limited (ICRA), and should not be construed as any indication of credit rating or grading of ICRA for any instruments that have been issued or are to be issued by any entity.*

#### **Contents of Report**

An adhesive is a substance which binds the surfaces on which it is applied. The use of adhesives is vast and the ability to bind different materials together is limitless.

#### **Classification of Adhesive tape**

Adhesive tape is one of the different types of backing materials coated with an adhesive. It has a sticky adhesive that enables it to stick to different materials. Listed below are the most common types of adhesive tape:

- **Pressure Sensitive Tapes** - This consists of a pressure-sensitive adhesive coated onto a backing material such as paper, plastic film, cloth or metal foil. It is sticky (tacky) without any heat or solvent for activation and adheres with light pressure. These tapes usually require a release agent on their backing or a release liner to cover the adhesive. Sometimes, the term "adhesive tape" is used for these tapes.
- **Water Activated Tape** - Water activated tape, gummed paper tape or gummed tape is starch-based or sometimes animal glue-based adhesive on a kraft paper backing, which becomes sticky when moistened. A specific type of gummed tape is called Reinforced Gummed Tape (RGT). The backing of this reinforced tape consists of two layers of papers with a cross-pattern of fibreglass filaments laminated between. Water activated tape is used for closing and sealing boxes. Before closing corrugated fibreboard boxes, the tape is remoistened and is activated by water. The tape is mostly 3 inch or 7.5 cm wide.
- **Heat Sensitive Tape** - Heat-activated tape is usually tack-free until it is activated by a heat source. It is sometimes used in packaging, for example, a tear strip tape for cigarette packs. Thermal release tape, such as Revalpha by Nitto Denko, loses its tack and fully releases when heated to a certain temperature. This is particularly useful in semiconductor industry.
- **Drywall Tape** – Drywall tape is paper, cloth, or mesh, sometimes with a gummed or pressure sensitive adhesive. It is used to make the joints between sheets of drywall materials.

#### **Pressure Sensitive Tapes**

Pressure-sensitive tape, also known as PSA tape, adhesive tape, self-stick tape, sticky tape, or just tape in various countries, is an adhesive tape that will stick with application pressure without the need for solvent, heat, or water for activation. It can be used in the home, office, industry, and institutions for various purposes.

The tape consists of a pressure-sensitive adhesive coated onto a backing material such as paper, plastic film, cloth, or metal foil. Some have a removable release liner which protects the adhesive until the liner is removed. Some have layers of adhesives, primers, easy release materials, filaments, printing, etc. made for specific functions.

Taking over from pins, screws and other metal fastenings adhesive tape applications grew by replacing conventional methods of processing.

### Varieties of PSA Tape

- **Duct tape** usually has a plastic-coated fabric backing and a strong adhesive. Originally designed for sealing ammunition boxes from moisture and re-purposed for civilian use, it is commonly used by people needing a strong, versatile utility tape that is easy to tear by hand.

*Uses:* Sealing ventilation ducts, boxes, heavy duty packing, joining and bundling parts which could be metallic or plastic, used in sanitary and water engineering works.

- **Box sealing tape** (also "Packing Tape"; "Parcel tape") is a type of packaging tape which is clear or opaque, and used for closing packages for shipment. It is usually two inch (48 mm) or three inch (72 mm) wide and is made of a polypropylene or polyester backing.

- **Masking Tape** is made from thin paper which is easy to tear. It is used essentially in painting to protect spaces which are not to be painted upon. It is important that the adhesive is not too strong, as this type of tape should be easy to pull off, leaving no damage or print on the surface to which it is applied.

*Uses:* Painting of automobiles, aircrafts and the like, appliance manufacturing, decorative glass, powder coating, sand blasting and plating, light weight packaging, protection to metal, glass surfaces and the like against scratching.

- **Filament Tape** consists of a pressure-sensitive adhesive coated onto a backing material which is usually a polypropylene or polyester film and fibre-glass filaments embedded to add high tensile strength. These are strong and durable tapes made with varying degrees of strength and adhesive, depending on the surface and required strength.

*Uses:* Large-scale packing of heavy components or materials, strapping of metal coils, pipes, tubes as well as manufacture of household and electric appliances.

- **VHB Tape**, Very High Bond, is a double-sided adhesive used to attach vinyls to various surfaces, such as glass, tile etc. The tape typically has high adhesion and strength. The tape damps vibration and absorbs impact.

*Uses:* The tape is used in the transportation, appliances and electronics segment and also in metal fabrication and signage. It acts as an effective seal against water moisture and dust and is used for protection against corrosion.

### Some other tapes

- Scotch Tape is also known as transparent tape. It is actually a name owned by 3M Corporation. Scotch tape was invented in 1930 and became the first transparent adhesive tape in the world. Scotch tape has many uses around the office and home. One of its benefits is that it is almost invisible when applied to papers. Scotch tape is frequently used to attach notes to papers, seal envelopes, hang papers, and wrap small packages.
- Foam Tape is usually thicker than other types of tape. It is normally double-sided and is used to hang things. Foam tapes come in various strengths and types. They can often be cleanly removed from the mounting surface. Heavier foam tapes create a stronger bond and are designed for heavier objects.
- Archival tape is similar to transparent office tape, with low-acid adhesives that will not degrade surfaces they are applied to, protecting documents from damage during long-term storage.
- 'Gaffer tape' (or simply "Gaff tape") is normally based on a heavy fabric or plastic tape. The name derives from its use by gaffers in the entertainment industry among others, to hold down cables, particularly to prevent a tripping hazard and to prevent damage to cables and equipment. The adhesive leaves little or no residue and the tape removes cleanly from cables, fabric, and many other surfaces. Its matte surface also minimizes reflection from lights.
- Electrical tape (or insulating tape) stretches to conform to irregular objects, and is made of materials like vinyl that do not conduct electricity. The various colours available are used to identify wires in a circuit.
- Surgical tape is an adhesive bandage used to hold a dressing on a wound.
- Double-sided tape has adhesive on both sides of a backing material, for attaching two surfaces together. The main advantage of double-sided tape is that it is completely out of view when used. It is commonly used to hang papers on walls.



- "Adhesive transfer tape" does not have a backing material. Instead, it is sandwiched between two removable layers of a double-sided coated release liner.
- Spike tape is a thinner version of gaffer tape that is usually brightly coloured. It is used to mark places of furniture or actors on a stage.
- Hockey tape or "friction tape" is a somewhat rough cloth tape used for grip on hockey and lacrosse sticks.
- Speed tape or "600 mile per hour tape" is a metallic foil with an adhesive designed to secure the tape under high speed airflow and is used on the skins of airplanes.

### **Customisation**

Adhesive tape has expanded its range of applications on the strength of its ready adhesive characteristics and through additional functions such as transparency, optical functionality, heat resistance, heat conductivity, insulation, soundproofing, vibration resistance and flame resistance. As a result, based on end-use there are different tapes which can be formulated. Most manufacturers also offer consultancy and customised variants of tapes based on specific use of their clients. However, it is not necessary that the technology used to manufacture one type of tape can be used to manufacture another.

Another benefit of such a huge range of uses is that most companies in this sector do not depend on a few large customers.

### **Derived Demand**

Demand for adhesive tapes is derived from its uses in various sectors of the economy. Some of the largest users and their growth dynamics, is listed below:

#### ➤ **Automobiles –**

The Indian automobiles industry witnessed a moderation of demand in 2012, after double-digit sales growth recorded in the previous three years. In view of the current macro-economic environment, achieving high growth rates as seen before 2012 may be a challenging task. However, many experts are of the opinion that the slowdown has been overcome and the worst days are behind the industry. While the long-term fundamentals of the Indian economy remain robust, the sluggish global environment has impacted sentiments in the domestic market in the short term. However, revival in sales is evident, albeit at a slow-pace. The interest rate cuts by the RBI, might provide the required momentum to the auto industry.

As of January 2015, all segments of the market barring the tractor segment, recorded an uptick in sales volume. This growth in sales volume is in spite of withdrawal of the excise duty benefit extended previously to the passenger vehicle segment. Moreover, exports are also showing signs of revival.

#### ➤ **Packaging industry –**

One of the primary uses of adhesive tapes is the packaging industry. One of the most basic uses of tapes in the packaging industry is the need for sealing boxes. Apart from that, printed tapes are also used as means of advertising on packaging. Tapes are used for securing multiple pieces of a product for secure packaging.

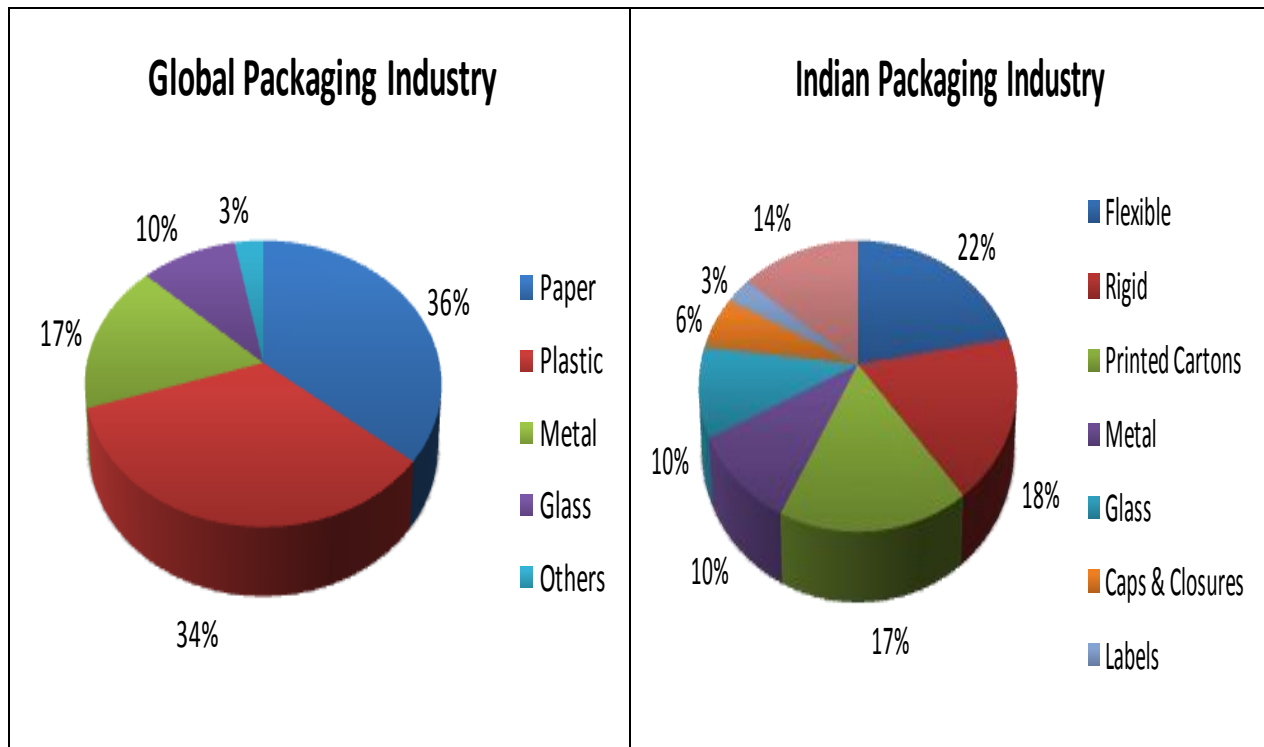
The Indian packaging industry has evolved over a period of time from manufacturing small range of heavy, rigid containers made of wood, glass and steel to a broad array of rigid, semi rigid and flexible packaging options increasingly made from specialized lightweight materials. Packaging plays a very unique role in the modern consumer-centric markets. Globally, manufacturers now relate packaging with branding of products and a catalyst in increasing the market share. Consumers now put special emphasis on criteria such as safety, convenience and attractiveness.

Packaging has served the Indian consumers by helping preservation of quality and extending the shelf life of numerous products - ranging from milk and biscuits, to drugs and medicines, processed and semi-processed foods, fruits and vegetables, edible oils, electronic goods etc. The growth in e-retail has become another catalyst for the growth of the packaging industry, where well packed goods with appropriate branding of the supplier are important hallmarks of quality of service. Salient features of the Indian packaging industry:

- ❖ The Indian packaging industry is growing at a rate of 15% per annum
- ❖ As per the ministry of Commerce and Industry, the annual turnover of Indian packaging industry will touch \$ 32 billion by 2025.



- ❖ The highly-fragmented packaging industry is estimated at \$ 24.6 billion
- ❖ The large-growing middle class, liberalisation and organised retail sector are the catalysts to growth in packaging
- ❖ India's per-capita packaging consumption is less than \$15 against worldwide average of nearly \$100



As per a report by Smithers Pira, the global packaging industry is geared to grow from \$670 billion in 2010 to \$820 billion in 2016, a compounded annualised growth of 3.42%. As per the report folding carton consumption is being driven by growth in healthcare products, electrical goods, and frozen and chilled foods, among others. While US and China are the top consumers of packaging, India will enter the list of top ten packaging nations with the demand in the country nearly doubling to \$24 billion by 2017. The research of Smithers Pira anticipates that food and healthcare packaging will continue to be the biggest end users of global packaging.

#### ➤ Electronics and Consumer Durables –

India is expected to become the fifth largest consumer durables market in the world by 2025. Also, the consumer electronics market is expected to increase to US\$ 400 billion, while production could reach US\$ 104 billion by 2016. The rural and semi-urban markets are likely to contribute a majority of consumer sales as the rural consumer durables market is growing at the compound annual growth rate (CAGR) of 25%. Low penetration in demand in rural markets as well as high replacement demand in urban markets is the key driver for this growth. Apart from these factors, favourable demographics, with 64% of the population in the working age, along with improving consumption expenditure on non essentials will lead to an improvement in demand. Other than for packaging, securing and protecting products, a range of specialty tapes has also been developed for the electronics industry. For instance, a silicon-free adhesive tape was developed for electronic parts of hard disk drives (HDD) because the siloxane gas in the silicone release agent gets oxidized inside the HDD and changes to SiO<sub>2</sub>, causing head crash. Such innovations continue to offer new uses and development of various tapes for the industry.

#### ➤ Retail –

The growth of organised retail in India bodes well for the adhesive tape segment due to its packaging requirement as well as general purpose use. Organised retail segment is expanding at 20% a year, driven by the emergence of shopping centres and malls and a growing middle class. Apart from this, the growth in online retail offers the need for reliable packaging options. Online retail web sites have witnessed a 65% rise in traffic from the previous year, according to a survey by the Associated Chambers of Commerce and Industry of India.



The survey indicated that the market for online shopping in India, estimated to be around Rs. 52,000 crore (\$8.19 billion), is expanding at a fast pace. Moreover, India has surpassed Japan to become the world's third-largest internet user.

As per a report by PWC, the size of the e-retail industry is poised to be \$10 to \$20 billion by 2017-2020. This growth is expected to be led by increased consumer-led purchases in durables and electronics, apparels and accessories, besides traditional products such as books and audio-visuals. Such a robust growth in the segment has placed a significant demand on the ancillary industries including logistics and packaging.

#### ➤ **Leather Industry –**

The leather industry extensively uses adhesive tapes for temporary fixing in the process of sewing leather. Tapes which adhere well to rough surfaces like cloth and leather surfaces are used for sewing up margins. The Indian leather industry occupies a significant share in the exports of the country, growing at 8.6% annually between, 2007-08 and 2011-12. By 2011-2012, exports amounted to \$4.86 billion. Finished leather registered export revenues of \$7.7 billion in 2013-14, witnessing an increase of 30.6% over exports in 2012-13.

#### **New applications for adhesives expected to drive growth**

The popularity and growth of touch screen technology on phones, tablets, cameras, white goods and many more devices has opened a new market for adhesive tape manufacturers. Protection of the screen, using an extremely thin, high strength tape has become the norm in the industry, with users changing the screen protection at regular intervals. Other than this, replacement of the touch screen owing to wear and tear, in various devices involves the use of double-sided adhesives of very narrow width. Apart from these uses, the demand is growing for screen-surface functions such as static prevention, brightness control, glare prevention and shielding ability. This can be achieved either by treating the screen surface itself or by covering it with a functional film; with the advent of larger screens, the latter method is favoured.

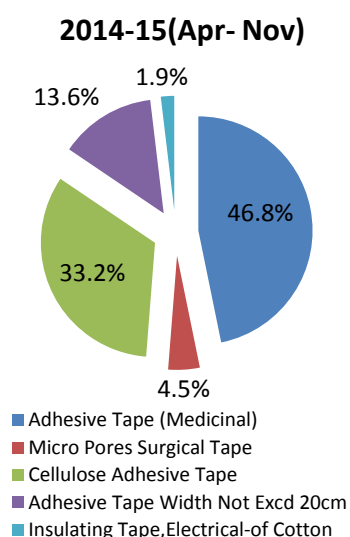
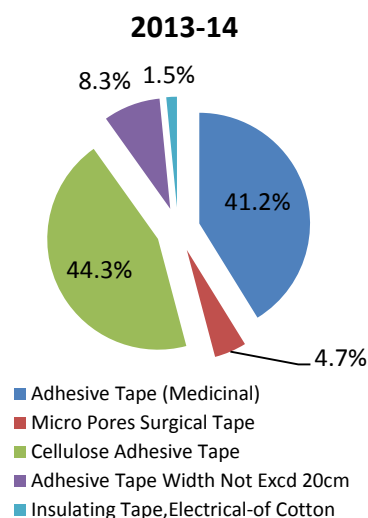
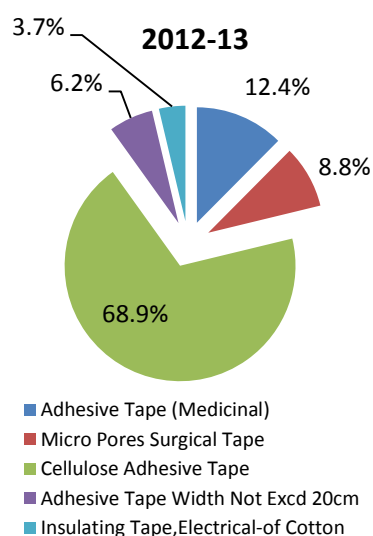
#### **Raw Materials**

The key raw materials that are used in the manufacturing of adhesive tapes include PP resin, BA, PSA, BOPP film, PE coated paper, 2-EHA, cotton paper, and solvents. Since the global financial crisis of 2008, there has been unprecedented volatility in commodity prices across the globe. This has exerted pressure on the margins of adhesive tape manufacturers. Some manufacturers have countered this volatility through vertical integration by producing raw materials such as BOPP film and pressure sensitive adhesive in house. Others have focused on cost management by optimising materials usage and innovating manufacturing process.

#### **Trade**

Exports of adhesive tapes across segments are small and were recorded at Rs. 11.85 crore during FY14. Even as adhesive tapes recorded a growth of 85.7% in exports between FY12 and FY13, in the following year, exports fell by a large 38% in FY14. In FY13, the industry exported adhesive tapes worth Rs. 19.13 crore. While growth in exports during FY13 was on account of a large jump in the exports of cellulose or transparent tape, this segment faced a significant slowdown in FY14. However, the exports of medicinal adhesive tapes doubled during FY14. The exports during FY15 are encouraging, with Adhesive Tape Width Not Excd 20cm growing at a fast pace.

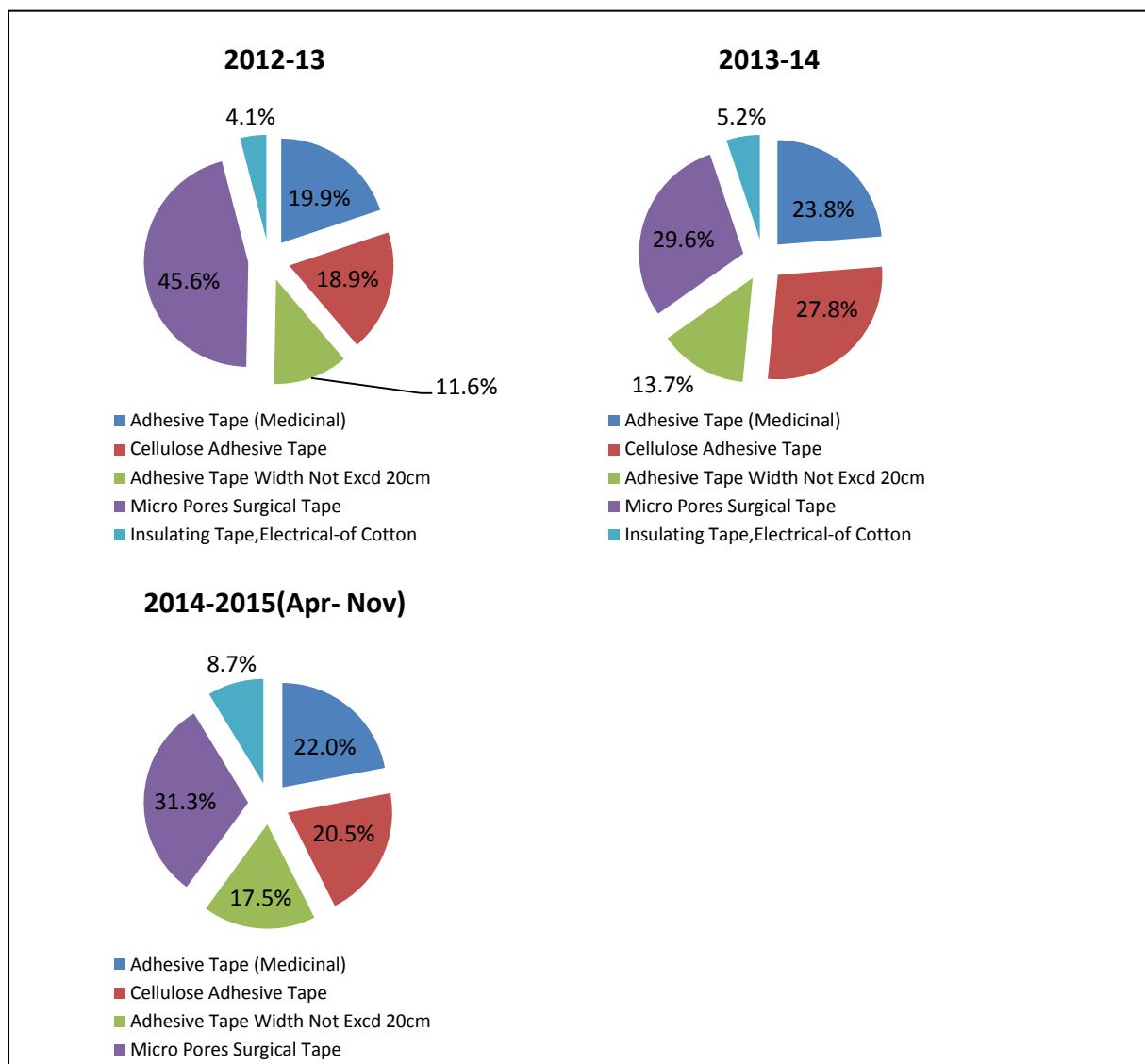
### Exports of Adhesive Tapes



Source: Department of Commerce

A look at the import data points to significant underserved domestic demand and opportunities to meet pockets of demand. The slowdown in the growth of imports, along with a similar slowdown in exports, points to the possibility of domestic demand being met indigenously. Imports grew at a pace of 36.6% between FY12 and FY13, but this momentum slowed down to 11.78% in FY14. Imports were high primarily due to demand for imported cellulose and adhesive tape, with a width not exceeding 20 cm.

### Imports of Adhesive Tape



### Global Adhesive Industry

The global adhesive and sealants market is primarily driven by consistent growth in its major end-use industry such as Construction, Automotive, Packaging, Assembly, Pressure Sensitive Tapes and other applications. According to a market report published by Transparency Market Research, the global market for adhesives was valued at \$22.70 billion in 2012 and is expected to reach \$31.64 billion by 2018, growing at a CAGR of 5.7% from 2012 to 2018. Pressure sensitive applications dominated the global adhesives market and accounted for approximately 28% of the total market in 2012. Furniture is expected to be the fastest growing market for adhesives at a CAGR of 5.9% from 2012 to 2018. Some of the key manufacturers of adhesives and sealants include 3M, Henkel, BASF, Dow Chemical Company among others.

### World demand to rise 5.6% annually through 2016 for PSA

According to a research by Freedonia Group Inc, world demand for pressure sensitive adhesive (PSA) tapes is projected to rise 5.6% per year through 2016 to 43.5 billion square meters and to 50 billion square meters by 2018. In terms of value, sales of PSA tapes are likely to increase by 5.7% annually to \$37 billion in 2016, a marked improvement from the 2006-2011 period. Growth of the market value will improve to 6.5% annually, a stark improvement from the growth in 2008-2013. The slowdown in the global economy – poor production rates and decline in construction activity have caused a perceptible decline in demand for tapes world over. However, early



signs point to an uptick in the production activity in US, and Western Europe. Manufacturing activity, in particular, is likely to drive the demand. Among different tape-backing materials, polypropylene products and value-added specialty tapes including foam and fibreglass types are likely to make most of the gains.

### **Carton sealing tapes has two-thirds of global market**

In 2011, carton sealing tapes accounted for 67% of the global pressure sensitive tape market (in volume terms). The demand may increase due to a rise in the processed food and beverage manufacturing sector, the largest user of corrugated box packaging. Sales of carton sealing tape may continue to outpace box demand because tapes have more market share from alternative box sealing solutions like glue. Demand for masking tapes may go up on the back of huge rise in building construction expenses, including architectural paint projects. Rise in motor vehicle production, another key masking tape market, is likely to boost demand further. Electrical and electronic, double sided, medical and other tape segments are also likely to offer some opportunities, though growth in these applications will come from relatively smaller bases. Advances, especially for electronic types, will depend on fast growing end-use markets. Alternative joining and sealing techniques will be further supplanted by double-sided bonding tapes in various industrial applications, while PSA medical and surgical tapes may continue to replace traditional bandages.

### **Asia/Pacific region to be fastest growing market**

The Asia/Pacific region is likely to witness rapid gains and remain the largest regional market in the world because of the presence of large manufacturing industries. Between 2001 and 2016, the annual growth from this region is likely to stand at 7.5%. Other regions including Central and South America, Eastern Europe, and Africa/Middle East may also experience healthy growth, though advances in these areas will come from lower base levels (collectively, these three regions accounted for only 15% of global pressure sensitive tape demand in 2011). The fastest growth is likely to be witnessed in Asia, especially in India, China and Indonesia. China alone may account for close to half of the global pressure sensitive tape market volume gains between 2011 and 2016. However, advances are likely to be below average in established markets like North America and Western Europe. The U.S., which accounted for 18% of global sales volume in 2011, is likely to remain the second largest national pressure sensitive tape market, after China. While Japan may remain one of the largest markets in the world, but the country is forecast to see the slowest growth rate through 2016. The acceleration in the economies of the developed world after the recession and slowdown since 2008 will also help drive demand for pressure sensitive adhesive tapes. This is welcome at a time when the pace of growth in the construction and manufacturing activity in Asia has slowed.

### **Environment Hazards**

The increasing concern for the environment on one hand offers new business opportunities for adhesive tape manufacturers, but also carries the risk of business failure for those who ignore such concerns. Developments in tackling environmental issues for the tape industry will be a key determinant in the future growth of the industry.

The importance of an environment friendly method of production is growing constantly and efforts are required to reduce solvent use. With growing emphasis on recycling of components, especially electronics, the use of adhesive tape will increase. However, here lies a challenge for the industry to develop a design which takes into account recycling and reuse of components. Since tape itself ends up as an industrial waste, the materials used must ensure the environment acceptability to the use of tape.

### **Teslin Paper**

Teslin paper is a synthetic material used in making ID cards and event cards, like driving licence, voter ID cards, airport tags, labels etc. This is water proof and tear resistant, making it more durable than standard papers. The strength of the lamination peel of a Teslin sheet is 2-4 times stronger than other coated synthetic and coated papers. Teslin is a sheet that can co-exist with any printing process and produce the vibrancy in colours. It is also used in labels, tabs, banners, maps besides others. The name Teslin is registered with PPG Industries, Pittsburgh, USA.

Synthetic paper is produced by using synthetic resins which are obtained from petroleum products. It has characteristics which resembles regular paper but looks like plastic films. It is available in opaque or white color having printing and processing capabilities. Normally, synthetic paper is made of high-density polyethylene (HDPE) or biaxially oriented polypropylene (BOPP) and small amount of polystyrene and polyvinyl chloride (PVC). These materials help to make the printing better and give a matt surface. Synthetic paper can be classified on the basis of applications into non-label segment and labels/tags. The non-label segment comprises traditional synthetic paper products like graphic arts, banners, maps, menu, etc. The global synthetic market has undergone huge changes due to technological development and is likely to witness a steady growth. The labels segment is likely to grow faster



than the non-label segment. According to a BCC Research report, the global market for synthetic paper totalled 216 million pounds in 2011 and is projected to reach 222 million pounds in 2012 and 263 million pound in 2017, a CAGR of 3.4%. The non-label segment is expected to account for 129 million pound in 2012 and 152 million pound in 2017, a CAGR of 3.3%, while labels are expected to touch 93 million pound in 2012 and 111 million pound in 2017, a CAGR of 3.6%.

Environmental issues regarding the manufacturing of wood pulp-based paper is driving the market for synthetic paper and has many advantages over regular paper. Synthetic paper emits very low toxic gases and is more eco-friendly. The Asia-Pacific region is the fastest growing market for synthetic papers, followed by Europe and North America. However, it is a relatively smaller market when seen on a global scale while North American market is more matured.

*<<The information in this section is derived from a combination of various publicly available websites and sources of information including the Indian Institute of Packaging, BCC Research, Freedonia Group Inc, GEPL Capital, Ibef.org, Department of Commerce, Transparency Market Research etc.>>*

## BUSINESS OVERVIEW

The Company was originally formed with effect from October 6, 1993 as partnership firm bearing the name M/s. H.K. International vide Partnership deed dated October 6, 1993 with 2 partners. Further, on February 28, 2013, it admitted 5 new partners. Further, on June 28, 2013, it got converted into a public limited company under the Part IX of the Companies Act, 1956 bearing Corporate Identification No. U25203MH2013PLC244911 having its Registered Office at Mumbai. Our Company received the Certificate of Commencement of Business on July 30, 2013 from the RoC, Mumbai. For further details see section titled '*History and Certain Corporate Matters*' beginning on page 97 of the Prospectus.

Our registered office is situated at Office No. 9, 2<sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001, Maharashtra, India.

Our Company was originally incorporated as a partnership firm by Mr. Jatin Shah and Mrs. Daksha Mehta in the year 1993. Thereafter, in 2013, the following partners were admitted into the firm: Mr. Mahesh Mehta, Mahesh I. Mehta (HUF), Chintan Mehta, Reema Shah, Knowell Enterprises Private Limited, who ultimately became the shareholders of our Company pursuant to conversion of erstwhile firm into a public limited company under Part IX of the Companies Act, 1956.

Our Company H.K. Trade International Limited is into the business of manufacturing, converting and supplying of adhesive tapes and synthetic paper (teslin papers) from jumbo rolls of adhesive tapes and synthetic paper (teslin) respectively. Our Company operates as an important intermediary in the packing material supply chain, whereby we purchase materials such as tapes, labels, papers, etc., in the roll form which is further cut and repacked into smaller rolls. Our Company sells the products under the unregistered brand name – 'AERO'.

Our Company mainly purchases major raw material i.e. jumbo rolls of adhesive tapes and synthetic papers from M/s. Knowell Corporation (a proprietorship concern of our Promoter - Mr. Mahesh Mehta).

Going forward we plan to expand our presence geographically by increasing our reach. From a modest beginning in the year 1993 with few products, our Company has today transformed our business into a value based, multi product, customer oriented organization.

### Location

Currently, the Company has following operations:

	Location	Activity
Manufacturing / Converting Unit	Unit no.101, Plot no. 55, Silvassa Industrial. Co. Op. Society Ltd., Amla, Silvassa (Dadra & N.H.) 396230, India	Manufacturing of Adhesive Tapes and allied products
Registered Office	Office No. 9, 2nd Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai -400 001, Maharashtra, India	Registered Office of the Company

### Products

Our Company manufactures / converts adhesive tapes and synthetic papers (teslin) . An adhesive tape is a strip of paper or plastic or metal which is coated with an adhesive substance, as for holding a bandage in place. They have a variety of uses, from repairing torn papers and wrapping gifts to making simple craft projects. Apart from general uses, tapes are also used in various industrial activities including shipping, printing, automobile, sports goods, leather, medical, white goods, home furnishing and hardware, etc. Adhesive tapes provide user friendly, safe and inexpensive method of bonding two or more substances.

#### A. Adhesive tapes



Some of the varieties of adhesive tapes are as follows:

- Masking Tape
- Filament Tape
- Duct Tape
- Double side Foam Tape
- Double side Tissue Tape
- Brown Paper Tape













- Aluminum Foil Tape
- Surface Protection Tape
- PVC Insulation Tapes
- Floor Marking Tapes
- Double side Cloth Tapes
- Masker

<p><b>Masking Tape</b></p> <p>Masking tape is a type of pressure sensitive tape made of a thin and easy-to-tear paper, and an easily released pressure sensitive adhesive. The adhesive is the key element to its usefulness, as it allows the tape to be easily removed without leaving residue or damaging the surface to which it is applied. It has many application few of which are:</p> <ul style="list-style-type: none"> <li>✓ Sealing of joints between window and doorframes and walls.</li> <li>✓ Masking of body components during auto painting.</li> <li>✓ Sealing of lightweight cartons and small boxes</li> <li>✓ Protection to metal, plastic or glass surfaces against scratching, etc.</li> </ul>	
<p><b>Filament Tape</b></p> <p>Filament tape or strapping tape is a pressure sensitive tape used for several packaging functions such as closing corrugated fiberboard boxes, reinforcing packages, bundling items, pallet unitizing, etc. It consists of a pressure sensitive adhesive onto a backing material which is usually a polypropylene or polyester film and fiberglass filaments embedded to add high tensile strength. A variety of grades of filament tape are available. Some have as much as 300 pounds of tensile strength per inch of width. Filament tapes can be used for:</p> <ul style="list-style-type: none"> <li>✓ Heavy duty packing, bundling</li> <li>✓ Strapping of metal coils, pipes and tubes</li> <li>✓ Holding parts &amp; appliances in electric appliance manufactures</li> <li>✓ Enhance performance of sporting goods</li> </ul>	
<p><b>Duct Tape</b></p> <p>Duct tape is cloth-or scrim-backed pressure-sensitive tape often coated with polyethylene. Another variant is Heat-resistant duct tape is useful for sealing heating/ventilation/air-conditioning (HVAC) ducts, produced because standard duct tape fails quickly when used on heating ducts. Duct tape serves the following purposes:</p> <ul style="list-style-type: none"> <li>✓ Sealing of joints and chinks between pipes, panels and in bodies</li> <li>✓ Useful in water and sanitary engineering works as it stops leakages</li> <li>✓ Sealing of containers to protect goods against water and moisture</li> <li>✓ Carpet laying: underlay joining, carpet joining and carpet edging</li> <li>✓ Book binding</li> </ul>	
<p><b>Double side Foam Tape</b></p> <p>Foam tapes are a high-strength bonding tape and a proven alternative to screws, rivets, welds and other mechanical fasteners. Unlike screws or rivets – which join materials at a single point – high-strength bonding tape permanently adheres one substance to another while spreading the stress load across the entire length of the joint. It can be used for:</p> <ul style="list-style-type: none"> <li>✓ Fixing aluminum board or glass board or acrylic board together</li> <li>✓ To dampen vibration and absorb impact.</li> <li>✓ To seal against water, moisture and dust.</li> <li>✓ To protect against ultraviolet, temperature extremes and chemicals</li> </ul>	



✓ To protect against corrosion protection.	
<b>Double side Tissue Tape</b>	
<p>The tape is made of tissue paper wherein both side are coated with acrylic water or solvent based adhesives and laminated with double side release paper. This tape is used in:</p> <ul style="list-style-type: none"> <li>✓ Mounting of decorative profiles and moldings in the furniture industry</li> <li>✓ Leather industry,</li> <li>✓ Form Industry,</li> <li>✓ Postal Service</li> </ul>	
<b>Brown paper tape</b>	
<p>Brown paper tape is a tape made from different gram-mage of Kraft Paper. The adhesive is a synthetic adhesive. The paper is siliconized which makes the tape water proof. This tape is a eco friendly tape being made from recycled paper.</p> <p>Applications : Packing of Cartons Stationery</p>	
<b>Aluminum Foil Tape</b>	
<p>Aluminum foil tape is made of aluminum foil. The foil also serves as an excellent barrier against moisture, dust, flame, and certain chemicals. Acrylic adhesive supplies superior temperature, ultra violet and solvent resistance. It provides excellent age life and is ideal for harsh, long-term outdoor environments. Aluminum tape has the following uses:</p> <ul style="list-style-type: none"> <li>✓ Highly suitable for sealing off air conditioning and cool/warm air flow ducting &amp; for sealing joints in ducting providing a flame retardant &amp; vapor-proof barrier.</li> <li>✓ Construction and automobile industry.</li> <li>✓ Electronic and general industrial uses.</li> </ul>	
<b>Surface Protection Tape</b>	
<p>Surface protection tapes are made of LDPE film coated with pressure sensitive adhesive. The film as the name suggests is used to protect surfaces from scratches during handling, transit or accumulating dust etc. The film is also called Masking Film. The film can be peeled off easily and it leaves no mark / residue on the surface once the film is peeled off. The film is applied on various surfaces such as:</p> <ul style="list-style-type: none"> <li>✓ Stainless Steel Sheets &amp; Color Coated Steel Sheets</li> <li>✓ Aluminium Composite Panels &amp; Sheets</li> <li>✓ Glass</li> <li>✓ Decorative Laminates,</li> <li>✓ Automobiles industry,</li> <li>✓ Electronic goods,</li> <li>✓ Marble, stones in construction industry, etc.</li> </ul>	
<b>PVC Insulation Tapes</b>	



<p>PVC Insulation Tapes is made from soft polyvinyl chloride (SPVC) as backing materials. The material is stretchable and hand tearable for ease of use. This Tape provides good insulation against current, high voltage and temperature resistance. Flame retardant grades available as well which are used for insulating and protection of electrical parts and wires.</p>	
<b>Floor Marking Tapes</b>	
<p>Floor Marking Tape is made from soft polyvinyl chloride (SPVC) as backing materials. Adhesive is a strong solvent based adhesive which gives good bonding on all types of surfaces. Available in various colors to mark different zones.</p> <p>Usage:</p> <ul style="list-style-type: none"><li>▪ Marking on the floor of big factories.</li><li>▪ Marking on big boats to differentiate different zones.</li></ul>	
<b>Double side Cloth Tapes</b>	
<p>Double Side Cloth tape is made out of cotton cloth and is coated on both sides with strong natural rubber adhesive. These tapes are laminated with polyester or paper release liner.</p> <p>Usage :</p> <ul style="list-style-type: none"><li>▪ For Stereo mounting in stack type flexo machines</li><li>▪ For medium heavy double side applications</li><li>▪ Temporary mounting for assembly or machining operations</li><li>▪ Print plate mounting</li><li>▪ Carpet installation in house, office or Exhibition halls.</li></ul>	
<b>Masker</b>	
<p>Masker is a tape made of masking tape and coated plastic film to mask furniture or automobiles which painting. This tape is re usable. The 3 fold design of the tape makes it an easy to pack and transport.</p> <p>Usage :</p> <p>During painting of Homes</p> <p>During painting of Automobiles</p>	

**B. Synthetic Paper (Teslin Paper)**

Teslin is a synthetic material used in making ID and event cards. It is waterproof and tear resistant making it more durable than standard paper. It is a single-layer, uncoated film, and extremely strong. Teslin papers are available in various sizes. Our Company is actively involved in processing of Teslin Papers into various sizes as per customer requirements. Today, Teslin is widely used in the production of:

- ✓ Driver's licenses
- ✓ Voter ID cards,
- ✓ Identification cards,
- ✓ PAN Card,
- ✓ Marksheets and certificates
- ✓ Access cards,
- ✓ Safety and security labels, etc.



The Company procures jumbo rolls of adhesive tapes and synthetic papers and markets the same after cutting, slitting and rewinding the same in smaller sizes as per customer specifications. Our Company mainly purchases major raw material i.e. jumbo rolls of adhesive tapes and synthetic papers from M/s. Knowell Corporation (a proprietorship concern of our Promoter - Mr. Mahesh Mehta).

**Capacities:**

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
	Actual	Actual	Actual	Projected	Projected	Projected
Installed Capacity (lacs sq. mtrs.)*	18.75	18.75	18.75	18.75	18.75	18.75
Capacity Utilizations (%)	46.99	41.65	51.47	78.67	85.81	87%
Production (lacs sq. mtrs.)	8.81	7.81	9.65	14.75	16.09	16.31
Period available (Months)	12	12	12	12	12	12

\*considered on single shift

**Our Competitive Strength****1. Experience of our Promoter -**

Our Managing Director, Mr. Mahesh Mehta, have over 3 decades of experience in this industry. Our management team combines youth and experience to outline plans for the future development of the company. Further we have employed key professionals having technical and commercial backgrounds. We believe that his strong technical experience and industry networks will help us grow our business operations and in achieving our key business strategies.

For further details regarding the experience and qualifications of our management and promoters please refer to the sections titled "Our Management", "Our Promoter" and "Our Promoter Group and Group Entities" beginning on pages 100, 112 and 115 of this Prospectus respectively.

**2. Multiproduct Portfolio -**

The Company has a wide product portfolio to cater its customers. The Company has been gradually expanding and adding new kinds of adhesive tapes to its basket. Apart from adhesive tape which is the core product of the Company, the Company also processes synthetic papers which give it an edge over the customers scouting for one stop solution. Thus, we have a multi-product portfolio and the ability to adjust to need of the customers.

**3. Customized Service -**

Small businesses grow by changing with the needs of ideal customers. Often, this evolution comes by creating products and services that address highly personalized requests. We believe that by collaborating with customers, SME's can gain critical real world experiences that often times it turn into substantial opportunities.

**4. Strong Customer Base -**



Our Company has strong customer base in the domestic market. Over a period of time, our Company has built-up a track record for quality products and timely delivery. Our Managing Director, including our marketing personnel closely interacts with the customers, understands their requirements and customizes the products as per their requirements. Our Company has been able to retain customers and further strengthen the relationship by providing them end-to-end solutions for their requirements.

**5. Fully Integrated Manufacturing Facility -**

Our manufacturing unit is fully integrated and self sufficient. The raw materials and consumables are readily available. Further, all other utilities like power and human resources have posed no hurdle till date. All the equipments required for manufacturing for manufacturing our products are in place. Our manufacturing unit undertakes the entire process of manufacturing the customized sizes of adhesive tapes and synthetic papers; which begins from procuring the jumbo adhesive rolls and synthetic papers to winding, cutting and packaging in specified sizes. For further details on the list of equipments owned by our Company, please refer the para “Equipments” on page 85 of the Prospectus.

**Our Business Strategy**

**1. Improving operational efficiencies -**

Our Company intends to improve efficiencies to achieve cost reductions so that they can be competitive. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our infrastructure. As a result of these measures, our Company will be able to increase its market share and profitability.

**2. Leveraging our Market skills and Relationships -**

This is a continuous process in our organization and the skill that we impart in our people is to give importance to customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our customer relationship and renewing our relationship with existing buyers.

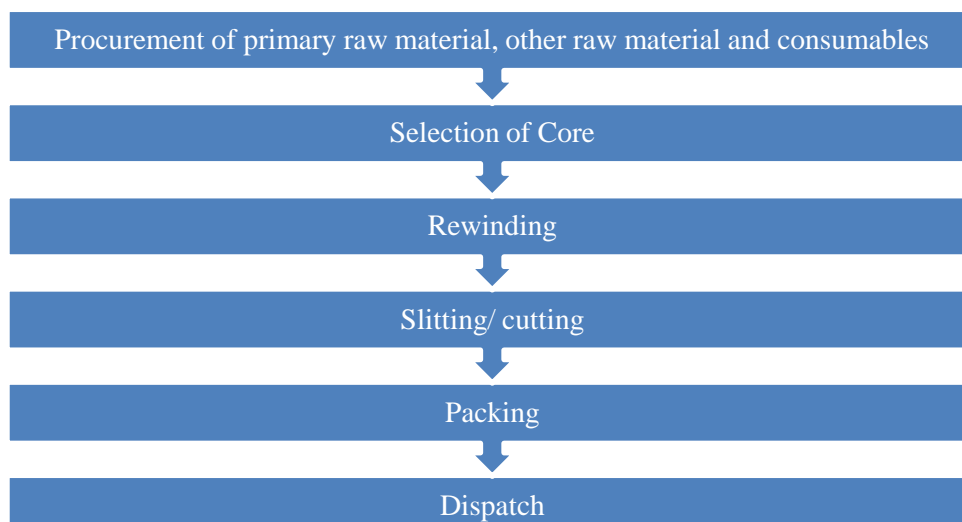
**3. Focus on consistently meeting quality standards -**

Our Company intends to focus on adhering to the quality standards of the products. This is necessary so as to make sure that we get repeat orders from our customers. This will also aid us in enhancing our brand value.

**4. Capitalize the opening of new markets and enhancing our existing customer base -**

Our present customer base comprises of a large number of Indian companies/concerns. Our Company intends to grow business continuously by adding new customers. We are also exploring the untapped local markets for geographical growth. With the growth in the retail sector, we foresee a good business opportunity in this sector. Our strategy will be to capitalize on the growth of the retail sector. The opening up of the organized retailing shall provide tremendous demand to the industry.

**Manufacturing Process:**



### **Procurement of primary raw material – jumbo rolls of adhesive tapes and synthetic papers (teslin)**

We have marketing personnel who remain in field to understand customer's demand and requirements. Our Promoter – Mr. Mahesh Mehta also co-ordinates with our existing customers personally to understand new products and requirements. Once the order is confirmed, the manufacturing process commences.

We procure the primary raw material i.e. jumbo rolls of adhesive tapes and jumbo rolls of synthetic papers (teslin) from one of our group entity (M/s. Knowell Corporation, proprietorship of Mr. Mahesh Mehta). These jumbo rolls of adhesive tapes are imported by M/s. Knowell Corporation.

### **Procurement of other raw materials and consumables**

Other raw materials include corrugated boxes, plastic shrink sleeves, adhesive tapes, etc. Consumables including oil, grease, kerosene, blades, screws, nut-bolts, lacquer, etc. are mainly used for the maintenance and wear and tear of our equipments. These are mainly used for packing purpose. They are readily available in domestic market and we purchase the same locally.

### **Selection of Core**

The Core is made of cardboard plastic on which adhesive tapes are rolled, which comes in different diameter sizes. The Core is selected based on the diameter requirement of the customer. Generally, 3 inch and 1 inch Core is sought by the customers in the domestic market. This Core is then laid on the rewinding machine for winding as per desired length.

### **Rewinding**

The jumbo sizes of adhesive tapes are laid on the winding machine for rewinding process. The rewinding is done to get rolls of particular lengths as per customer requirements.

### **Slitting / Cutting**

These rolls are then put on the slicers (slicing machine) for cutting as per the width requirements of the customers.

### **Packing**

These products are then counted for a particular lot size and initially wrapped with shrink films to prevent from dust. Thereafter, it is packed in corrugated boxes. Adhesive tapes are used to seal pack the boxes and then these are sent for dispatch.

### **Dispatch**

Our products are dispatched to our customers through transport system.

### **Infrastructure Facilities**

#### ***Equipments***

Some of the major equipments owned by us at present and available at our existing unit are:

<b>Name of Equipment</b>	<b>Nos.</b>
Winding Machines	3
Slicing Machines	3
Heat Emitters	2
Voltage Stabilizers	1
Grinders	2
Compressors	3
Trolley	1

#### ***Equipment to be purchased out of the proceeds of the Issue***

For details please refer to the chapter titled “*Objects of the Issue*” beginning on page 56 of the Prospectus.

### **Technology**

We have not entered into any technical collaboration agreements with any party.



### ***Utilities:***

#### **Raw Materials**

The primary raw material required for our manufacturing process is self adhesive jumbo rolls and jumbo rolls of synthetic papers (teslin). These rolls are of different types such as aluminium, paper, foam, filament, masking paper, etc. These rolls are also available in various colours. These rolls are imported by one of our group entity (M/s. Knowell Corporation, proprietorship of Mr. Mahesh Mehta) and supplied to us. The assessment of the requirement of the raw material is done.

Other raw materials include corrugated boxes, plastic shrink sleeves, adhesive tapes, etc. These are mainly used for packing purpose.

Consumables including oil, grease, kerosene, blades, screws, nut-bolts, lacquer, etc. are mainly used for the maintenance and wear and tear of our equipments.

#### **Water**

Water requirement for the manufacturing and allied processes is very minimal and the same is procured by the bore well in the vicinity.

#### **Power**

The requirement of power for our operations, like power for lighting and operating the machinery/equipment is met through the local power distribution company where our manufacturing unit is located. Our Company has adequate power load connection of 30HP to carry out our manufacturing operations.

#### **Human Resource**

As on August 10, 2015, we employ 15 full-time employees at our registered office and manufacturing unit. The detailed break-up of employees is as under:

<b>Particulars</b>	<b>Nos.</b>
Management	1
Officers	5
Workers	9
<b>Total</b>	<b>15</b>

We do not employ casual labour, temporary labour or contract labour. Our employees are not members of any unions and we have not entered into any collective bargaining agreements with them. We have not experienced any work stoppages or action by or with our employees and we consider our relationship with our employees to be good.

#### **Marketing**

Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our promoter, Mr. Mahesh Mehta and Chief Financial Officer, Mr. Chintan Mehta, through their vast experience and good rapport with clients owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. To retain our customers, we regularly interact with them and focus on gaining an insight into other additional needs of such customers. We mainly manufacture products on the order basis and our clients are located across India. With large sales potential, low infrastructure and utility costs, raw material availability and the availability of professional expertise of our Promoter, we plan to grow geographically.

#### **Collaborations**

We have not entered into any technical or other collaboration till date.

#### **Export Obligation**

As on the date of this Prospectus, we have no export obligation.



## Competition

Much of the market in which we operate is unorganized and fragmented with many small and medium-sized entities. We face substantial competition for our products from other manufacturers in domestic market. 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.

Due to industry's fragmented nature, there is no authentic data available to our Company on total industry size and market share of our Company vis-a-vis the competitors.

## Seasonality and weather conditions

Our business and our products are not dependant on seasons or weather conditions. Adhesive tapes are manufactured and used in all weather conditions and in all seasons.

## Insurance

We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate. We maintain insurance for standard fire and special perils policy, which provides insurance cover against loss or damage by fire, earthquake, explosion, which we believe is in accordance with customary industry practices.

## Property

### Freehold Properties

Our Company does not hold any freehold property / land as on the date of this Prospectus.

### Leasehold Properties

Sr. No.	Location of Property	Property kind	Document and Date	Lessor / Licensor	Key Terms of the Agreement	Consideration
1.	Office No. 9, 2 <sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001, Maharashtra, India	Registered Office	Leave and Licence Deed dated February 25, 2015	Harris & Co. (partnership firm, wherein our Promoter – Mr. Mahesh Mehta is a partner)	<b>Lease tenure:</b> <ul style="list-style-type: none"> <li>The tenure of this Deed is 39 months starting from January 1, 2015</li> </ul> <b>Other terms and condition:</b> <ul style="list-style-type: none"> <li>The Company shall use and occupy a portion of 200 sq. ft. in the said premises.</li> <li>The Company shall use the said premises solely for their own purpose and shall not sub-let, transfer, assign or part with possession of the said premises or any part thereof to any third party.</li> <li>The Company shall not make any alterations or additions to the said fixtures or in construction or arrangements (internal or external) of the said premises without prior consent in writing of the licensor.</li> <li>The Company shall pay all kinds of charges like electricity, telephone charges, etc. during the tenure of the agreement.</li> </ul>	Monthly rent of Rs. 15,000/-



2.	Unit no.101, Plot no. 55, Silvassa Industrial. Co- Op. Society Ltd., Amli, Silvassa (Dadra & N.H.) 396230, India	Manufact uring / Convertin g Unit	Leave and Licence Deed dated February 28, 2015	Mrs. Daksha Mehta, wife of our Promoter – Mr. Mahesh Mehta	<b>Lease tenure:</b> <ul style="list-style-type: none"> <li>•The tenure of this Deed is 60 months starting from April 1, 2014</li> </ul> <b>Other terms and condition:</b> <ul style="list-style-type: none"> <li>•The Company shall use the said premises solely for their own purpose and shall not sub-let, transfer, assign or part with possession of the said premises or any part thereof to any third party.</li> <li>•The Company shall pay all kinds of charges like electricity, telephone charges, etc. during the tenure of the agreement.</li> <li>•The Company shall not make any alterations or additions to the said fixtures or in construction or arrangements (internal or external) of the said premises without prior consent in writing of the licensor.</li> </ul>	Monthly rent of Rs. 30,000/-
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### Intellectual Property

Our Company has filed an application dated March 12, 2015 bearing no. 2920435 before the Trade Marks Registry for registration of below trademark under class 16.



H.K. Trade International Limited

The application is pending registration.



## **KEY INDUSTRY REGULATION AND POLICIES**

*The business of our Company requires, at various stages, the sanction of the concerned authorities under the relevant state legislation and local bye-laws. The following description is an overview of certain laws and regulations in India, which are relevant to our Company. Certain information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to Applicants and is neither designed nor intended to be a substitute for professional legal advice.*

*The statements below are based on current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see the section titled “Government and Other Approvals” beginning on page 175 of the Prospectus.*

## **LAWS REGULATING FOREIGN INVESTMENT**

### **FEMA Regulations**

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”) and the rules and regulations promulgated there under. 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 or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“FEMA Regulations”) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. 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.

### **Investment by Foreign Institutional Investors**

Foreign Institutional Investors (“FIIs”) including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions provided for) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

## **CORPORATE LAWS**

### **The Companies Act, 1956**

The Companies Act, 1956 deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Act primarily regulates the formation, financing, functioning and winding up of companies. The Companies Act, 1956 prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of companies. It deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act, 1956 plays the balancing role between these two competing factors, namely, management autonomy and investor protection.



### **The Companies Act, 2013 (To extent of notified sections)**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs has vide its notification dated September 12, 2013 has notified 98 Sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. A further 183 Sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Ministry of Corporate Affairs, has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013.

### **APPROVAL FROM LOCAL AUTHORITY**

Setting up of a Factory or Manufacturing/Housing unit entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

### **Electricity Act, 2003**

The Electricity Act, 2003 has been recently introduced with a view to rationalise 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 corporatisation 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.

### **INTELLECTUAL PROPERTY LAWS**

#### **Trade Marks Act, 1999**

The Indian Law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing Legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A mark may consist of a word or invented word, signature, device, Letter, numeral, brand, heading, Label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

### **PROPERTY RELATED LAWS**

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

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 ("T.P. Act"). The T.P. Act establishes the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

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

The Registration Act, 1908 (the "Registration Act") details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, inter alia, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs. 100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. The Registration Act also stipulates the time for registration, the place for registration and the persons who may present documents for registration.



Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

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

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Indian Stamp Act, 1899 (the “Stamp Act”) provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state.

Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

## **TAXATION & DUTY LAWS**

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

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses. The Indian Income Tax Department is governed by Central Board of Direct Taxes and is part of the Department of Revenue under the Ministry of Finance, Govt. of India. Income tax is a key source of funds that the government uses to fund its activities and serve the public. The quantum of tax determined as per the statutory provisions is payable as: a) Advance Tax b) Self Assessment Tax c) Tax Deducted at Source (TDS) d) Tax Collected at Source (TCS) e) Tax on Regular Assessment.

### **Central Sales Tax Act (“CST”)**

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

### **Value Added Tax (“VAT”)**

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

## **INDUSTRIAL LAWS**

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

The Industrial (Development and Regulation) Act, 1951 has been Liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from Licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes,



all types of electronic aerospace and 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.

**Shops & Commercial Establishments Acts of the respective States in which Our Company has an established place of business/office ("Shops Act")**

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments and provides for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

**LABOUR LAWS**

**The Factories Act, 1948**

The Factories Act, 1948 ("Factories Act") is a social Legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This Legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

The Factories Act, defines a 'factory' to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory.

**Payment of Wages Act, 1936 ("Wages Act")**

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments 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 Minimum Wages Act, 1948 ("Minimum Wages Act")**

Minimum Wages Act was enacted to provide for the fixation of minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains List of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

**Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 ("Act") was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. A terminal Lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity." The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify





the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his Liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

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

This legislation applies to every establishment in which twenty or more workmen are employed or were employed in the past twelve months as contract labour and to every contractor employing or having employed in the past twelve months twenty or more workmen. With the aim of regulating the employment of contract labour in certain establishments and to abolish it in certain circumstances the Government has appointed an authority to ensure adherence to the provisions of this Act.

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

The Employee's Compensation Act, 1923 ("ECA") formerly known as Workman's Compensation Act, 1923 has been enacted with the objective to provide for the payment of compensation to employees (as defined under the ECA) by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The ECA makes every employer liable to pay compensation in accordance with the ECA if a personal injury/disablement/loss of life is caused to employee (including those employed through a contractor) by accident arising out of and in the course of his employment.

In case the employer fails to pay compensation due under the ECA within one month from the date it falls due, the commissioner appointed under the ECA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

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

The purpose of the Maternity Benefit Act, 1961, is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter-alia, for paid leave of 12 weeks, payment of maternity benefits, medical bonus and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

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

Equal Remuneration Act, 1976 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against female employees in the matters of employment and for matters connected therewith.

### **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 SHWW 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 favors or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The SHWW 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/-.





## **CRIMINAL LAWS**

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

In India, the laws governing monetary instruments such as cheques are contained in the Negotiable Instruments Act, 1881, which is largely a codification of the English Law on the subject. To ensure prompt remedy against defaulters and to ensure credibility of the holders of the negotiable instrument a criminal remedy of penalty was inserted in Negotiable Instruments Act, 1881 in form of the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment), 1988 which were further modified by the Negotiable Instruments (Amendment and Miscellaneous Provisions) Act, 2002. 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.

## **BUSINESS LAWS**

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

Indian Contract Act 1872 is the main source of law regulating contracts in Indian law, as subsequently amended. The Indian Contract Act 1872 sections 1-75 came into force on 1 September 1872. It applies to the whole of India except the state of Jammu and Kashmir. It is not a complete and exhaustive law on all types of contracts.

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. As per the provisions of the Indian Contract Act all agreements are contracts if they are made by the free consent of the parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void. The parties to a contract must either perform or offer to perform their respective promises unless such performance is dispensed with or excused under the provisions of the Act or of any other law. Promises bind the representative of the promisers in case of death of such promisers before performance, unless a contrary intention appears from the contract. When a contract has been broken the party who suffers by such breach is entitled to receive from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach or which the parties knew, when they made the contract, to be likely to result from the breach of it. Under the Act it is also provided that when a contract has been broken, if a sum is named in the contract as the amount to be paid in case of such breach, or if the contract contains any other stipulation by way of penalty, the party complaining of the breach is entitled, whether or not actual damage or loss is proved to have been caused thereby, to receive from the party who has broken the contract reasonable compensation not exceeding the amount so named or, as the case may be, the penalty stipulated for. Even a person who rightfully rescinds a contract is entitled to a compensation for any damage which he has sustained for a non-fulfillment of the contract. 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.

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

Sale of Goods Act is one of very old mercantile law. Sale of Goods is one of the special types of Contract. Initially, this was part of Indian Contract Act itself in chapter VII (sections 76 to 123). Later these sections in Contract Act were deleted, and separate Sale of Goods Act was passed in 1930. The Sale of Goods Act is complimentary to Contract Act. Basic provisions of Contract Act apply to contract of Sale of Goods also. Basic requirements of contract i.e. offer and acceptance, legally enforceable agreement, mutual consent, parties competent to contract; free consent, lawful object, consideration etc. apply to contract of Sale of Goods also.

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 carrier, 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.

## **ENVIRONMENTAL LAWS**

Our business is subject to environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which we operate. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities. Our operations require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to our operations include:

### **The Environment (Protection) Act, 1986, as amended (the "EPA")**

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the Government of India with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for inter alia, laying down the quality of environment, standards for emission or discharge of environment pollutants from various sources, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to Rs. 100,000, imprisonment of up to five years or both. There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

### **The Environment Impact Assessment Notification S.O. 1533(E), 2006 (the "EIA Notification")**

The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986 provides that, the prior approval of the Ministry of Environment and Forests or State Environment Impact Assessment Authority as the case may be, is required in the event of any new project or activities or the expansion or modernization of existing projects or activities as specified in the EIA Notification. The EIA Notification states that obtaining of prior environmental clearance includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal.

### **The Water (Prevention and Control of Pollution) Act, 1974, as amended (the "Water Act")**

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The Central Pollution Control Board has powers, inter alia, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, inter alia, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well. A central water laboratory and a state water laboratory have been established under the Water Act.

### **The 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. Every



person carrying on an industry specified under the Water Cess Act 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 non-compliance 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 Rs. 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 Air (Prevention and Control of Pollution) Act, 1981, as amended (the “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.

### **The Hazardous Wastes (Management and Handling) Rules, 1989**

The Hazardous Wastes (Management and Handling) Rules, 1989 require that the occupier and the operator of the facility that treats hazardous wastes, must properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. Moreover, they must take steps to ensure that persons working on the site are provided adequate training and equipment for performing their work. When an accident occurs in a hazardous site or during transportation of hazardous wastes, then the relevant State Pollution Control Board has to be immediately alerted. If, due to improper handling of hazardous waste, any damage is caused to the environment, the occupier or the operator of the facility must pay the necessary remedial expenses.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Our History and Background

The Company was originally formed with effect from October 6, 1993 as a partnership firm bearing the name M/s. H.K. International vide Partnership deed dated October 6, 1993 with 2 partners. Further, on February 28, 2013, it admitted 5 new partners. Further, on June 28, 2013, it got converted into a public limited company under the Part IX of the Companies Act, 1956 bearing Corporate Identification No. U25203MH2013PLC244911 having its Registered Office at Mumbai. Our Company received the Certificate of Commencement of Business on July 30, 2013 from the RoC, Mumbai.

Our registered office is situated at Office No. 9, 2<sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001, Maharashtra, India.

### Changes in the Registered Office of the Company

Our company has changed its registered office on various occasions from time to time. The details of the same are as under:

Year	From	To
2013	Office No. 9, 2 <sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001, Maharashtra, India.	9, 2 <sup>nd</sup> Floor, Tavawala Building, 99, Abdul Rehman Street, Mumbai – 400 003, Maharashtra, India
2015	9, 2 <sup>nd</sup> Floor, Tavawala Building, 99, Abdul Rehman Street, Mumbai – 400 003, Maharashtra, India	Office No. 9, 2 <sup>nd</sup> Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai – 400 001, Maharashtra, India.

### Capital raising (Debt / Equity)

For details of the equity capital raising of our Company, please refer to the section titled "Capital Structure" on page 45 of this Prospectus.

We have not done any debt issuances or raised any long term debt since incorporation till date. As of the date of this Prospectus, the Company has 7 holders of Equity Shares.

### Main Objects of our Company

The Main Objects of our Company, as set out in its Memorandum of Association are:

#### *The Main Objects to be pursued by the Company on its incorporation:*

- a) To convert the existing Partnership Firm M/s. H.K. International into Private Limited Company under Chapter IX of Companies Act, 1956.
- b) To manufacture, process, fabricate, design, buy, sell, import, export, stockiest, distributors or otherwise deal in all kinds of self-adhesive and non-adhesive tapes, insulation and High-tech multipurpose tapes, pressure sensitive tapes, packing tapes, electric tapes, magnetic tapes, synthetic tapes, paper tapes, laminated tapes, plant identification tapes, label protection tapes, carton sealing tapes, or any other kinds of tapes, stickers, automobile reflectors, labels and other packing tapes, sealants, glues, epoxy resins, epoxy hardeners, glues, silicone sealant, rubber adhesives, chloroprene adhesives/sealants, water based gums & to manufacture, fabricate, design, buy, sell, import, export, trade, distribute, supply and deal in all kinds of raw materials and components used or to be used in the aforesaid products/fields.
- c) To trade, buy, import, export, purchase, sell, market, produce, manufacture, acquire, partner, associate, design, Invest in all type of product, business of textiles, house hold products, electronics, modular kitchens, appliances, chemicals, minerals, pharmaceuticals, abrasive & adhesive products, communication devices, metal, jewellery, alternative energy , construction, hospitality, facility management, information technology, print and media directly or indirectly through special purpose vehicle, joint venture, partnership, strategic alignment, business venture, by way of investment in shares, securities or otherwise in any establishment engaged in any of these business.

The Main Objects clause and the Objects incidental or ancillary to the Main Objects of our memorandum enable us to undertake activities for which funds are being raised through this Issue. The existing activities of our Company are in accordance with the Objects clause of our Memorandum of Association.

#### **Changes in Memorandum of Association**

<b>Date of Resolution</b>	<b>Changes in Memorandum of Association</b>
September 9, 2013	<b>Alteration in Capital Clause</b> Increased from 20,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 2 crores to 27,50,000 Equity Shares of Rs. 10/- each aggregating to Rs. 2.75 crores.

#### **Key Events and Milestones of Our Company**

<b>Year</b>	<b>Milestone</b>
1993	Formation of M/s. H.K. International (partnership firm) with two partners
2013	Admission of 5 Partners
2013	Conversion of Partnership firm into a public limited company under Part IX of the Companies Act, 1956 bearing the name “H.K. Trade International Limited”

#### **Total Number of Shareholders in our Company**

As on the date of this Prospectus, our Company has 7 shareholders.

#### **Injunctions or restraining orders**

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

#### **Shareholders Agreements**

There are no shareholders agreements involving our Company to which either our Promoters or our Company is a party as on the date of the Prospectus.

#### **Other Agreements**

As on the date of this Prospectus our Company has not entered into any agreements other than those entered into in the ordinary course of business and there are no material agreements entered into more than two years before the date of this Prospectus.

#### **Strategic Partners**

Our Company does not have any strategic partners.

#### **Financial Partners**

Our Company does not have any financial partners.

#### **Our Subsidiaries**

Our Company does not have any subsidiary as on the date of this Prospectus.

#### **Acquisition of business / undertakings**

We have not acquired any business / undertakings since incorporation.

#### **Defaults or re-scheduling of borrowings**



The Company has not defaulted or re-scheduled its borrowings. Furthermore, none of the Company's loans have been converted into equity in the past.

## OUR MANAGEMENT

Under our Articles of Association, we are required to have not less than 3 directors and not more than 15 Directors. As on the date of the Prospectus, our Company has 4 directors on the Board out of which 2 are Independent Directors and 1 is Non-Executive Director.

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

Sr. No.	Name, Designation, Age, Father's Name, DIN, Address, Occupation of Director, Qualification and Nationality	Date of Appointment and Term	Other Directorships
1.	<b>Mr. Mahesh Mehta</b>  Designation: Chairman and Managing Director  Age: 61 years  Father's name: Mr. Indulal Mehta  DIN: 00191524  Address: 7, 2nd Floor, Shayam Sadan Bldg. 85, F Road, Marine Drive, Mumbai, - 400002, Maharashtra, India  Occupation: Business  Qualification: B.Com, M.B.A. (Finance) – Part I  Experience: 31 years  Nationality: Indian	Appointed as Managing Director w.e.f. September 1, 2013  Term: September 1, 2013 to August 31, 2016 and liable to retire by rotation	1. MNM Composites Private Limited 2. Himark Technologies Private Limited 3. Knowell Enterprises Private Limited
2.	<b>Mrs. Megha Chandawalla</b>  Designation: Non-Executive Director  Age: 33 years  Father's name: Mr. Mahesh Mehta  DIN: 07118714  Address: 6/C, Vidya Niwas, Siri Road, Chowpatty Bandstand, Mumbai, - 400006, Maharashtra, India  Occupation: Service  Qualification: B. Com., M.B.A. (Finance)  Experience: 7 years	Appointed w.e.f. March 11, 2015  Term: liable to retire by rotation	Nil



Sr. No.	Name, Designation, Age, Father's Name, DIN, Address, Occupation of Director, Qualification and Nationality	Date of Appointment and Term	Other Directorships
	Nationality: Indian		
3.	<b>Mr. Santosh Sawant</b>  Designation: Non-Executive & Independent Director  Age: 51 years  Father's name: Mr. Bhikaji Sawant  DIN: 06695211  Address: A/403, Dheeraj Hill, View Tower, Siddharth Nagar, Borivali (East), Mumbai - 400066, Maharashtra, India  Occupation: Business  Qualification: M.B.A (Finance), Diploma in Business Management, Licentiate of Mechanical Engineering  Experience: 28 years  Nationality: Indian	Appointed w.e.f. August 30, 2013  Term: upto March 31, 2019 and not liable to retire by rotation	Nil
4.	<b>Mr. Kamlesh Kapadia</b>  Designation: Non-Executive & Independent Director  Age: 53 years  Father's Name: Mr. Mansinh Kapadia  DIN: 06718506  Address: 802-B, Landmark Tower, G. D. Ambedkar Marg, Opp. Wadala Telephone Exchange, Naigaon, Dadar East, Mumbai, - 400 014, Maharashtra, India  Occupation: Business  Qualification: B. Com., F.C.A.  Experience: 28 years  Nationality: Indian	Appointed w.e.f. October 16, 2013  Term: upto March 31, 2019 and not liable to retire by rotation	Nil

*\*In accordance with the proviso to section 149(11) of the Companies Act, the Independent Directors on the Board of our Company shall continue as Directors until the date on which they are liable to retire by rotation. Thereafter,*



*the term of appointment of any independent director appointed on our Board shall be in accordance with section 149(10) of the Companies Act read with section 152(6) of the Companies Act.*

*Persons designated as 'Independent Directors' are independent as per the requirements of Section 149 of the Companies Act and Clause 49 of the Listing Agreement.*

### ***Brief profile of our Directors***

#### **Mr. Mahesh Mehta, Chairman & Managing Director**

Mr. Mahesh Mehta, 61 years is the Managing Director, Promoter and one of the subscribers to the Memorandum of Association of our Company. He is a resident Indian national. Mr. Mehta completed his Bachelors in Commerce from Mumbai University in the year 1975 subsequent to which he pursued Masters in Business Administration from Pune University specializing in Finance. In the year 1984, Mr. Mehta started his own business in the name of Knowell Corporation (proprietorship), which was engaged in the business of adhesive tapes. He has almost 31 years of experience in the adhesive tapes business. With such vast experience and entrepreneurial skills, he has played a key role in the growth of our Company coupled with his inputs on manufacturing process, strategic planning and business development. He has been associated as a Director of our Company since its incorporation and is actively involved in managing the day-to-day manufacturing process and business development functions of our Company.

#### **Mrs. Megha Chandawalla, Non-Executive Director**

Mrs Megha Chadawalla. 33 years is the Non-Executive Director of our Company. She is a resident Indian national. She completed her Bachelors of Commerce from Mumbai University in 2003, P.G.D.F.M. from K. C. College (Mumbai) in 2004 and M.B.A. in finance from Clark University (Massachusetts, U.S.A.) in 2006. She has worked with reputed organisations in the past. Her experience and qualification supports our Company in its growth strategies.

#### **Mr. Santosh Sawant, Non-Executive & Independent Director**

Mr. Santosh Sawant, 51 years is Non-Executive & Independent Director of the Company and has been on the Board of Directors since August 30, 2013. He completed his M.B.A (Finance) in 2010, Diploma in Business Management in 2004, Licentiate of Mechanical Engineering in 1986. Currently, he is into business of management and sourcing consultancy. His almost 3 decades of experience assists the Company with the growth strategies.

#### **Mr. Kamlesh Kapadia, Non-Executive & Independent Director**

Mr. Kamlesh Kapadia, 53 years is Non-Executive & Independent Director of the Company and has been on the Board of Directors since October 16, 2013. He completed his Bachelors of Commerce from Mumbai University in 1983, and is a member of the Institute of Chartered Accountants of India (ICAI) since 1994. He practices as a Chartered Accountant and holds a Certificate of Practice from ICAI since May 1994. His experience in accounts, audits, taxation and company law matters support our Company in regulatory and compliance related matters.

### ***Confirmations***

None of the above mentioned Directors are on the RBI List of willful defaulters as on date of filing the Prospectus.

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

None of our Directors is / was a Director of any listed Company which has been / was delisted from any Stock Exchange, during the term of their directorship in such company.

Further, our Company, our Promoter, persons forming part of our Promoter Group, Directors and persons in control of our Company have not been/are not debarred from accessing the capital market by SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or other, pursuant to which any of the above mentioned Directors, were selected as director or as members of the senior management.

Our Directors have not entered into any service contract with our Company providing for benefits upon termination of employment.

#### ***Relationships between Directors***

<b>Directors</b>	<b>Relationship Details</b>
Mr. Mahesh Mehta	Father of Mrs. Megha Chandawalla
Mrs. Megha Chandawalla	Daughter of Mr. Mahesh Mehta

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

Pursuant to a special resolution passed by our shareholders at the EGM held on February 20, 2015 and subject to the provisions of the Companies Act, 2013 and other laws in force, our Articles of Association authorize our Board of Directors to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company on such terms and conditions as it may think appropriate, which together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves, not set apart for any specific purpose), provided that the total amount borrowed by the Company shall not exceed the sum of Rs. 20 crores or equivalent thereof in foreign exchange at any one time.

We confirm that the borrowing powers of directors are in compliance with the relevant provision of the Companies Act, 2013.

For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the section titled "*Main Provisions of the Articles of Association*" beginning on page 241 of the Prospectus.

#### ***Remuneration / Compensation of Directors***

##### **A) Executive Directors**

##### **1) Mr. Mahesh Mehta**

The remuneration of our Managing Director, Mr. Mahesh Mehta as per resolution passed in the meeting of the Board of Directors held on August 30, 2013 is detailed hereunder:

<b>Salary</b>	Salary Rs. 50,000/- per month
<b>Consolidated Allowance</b>	Nil
<b>Perquisites</b>	Nil

#### **Remuneration/Compensation to Managing Director/ Directors for the year ended March 31, 2015**

<b>Name of the Director</b>	<b>Salaries &amp; Perquisites</b>	<b>Total</b>
Mr. Mahesh Mehta	6,00,000	6,00,000

##### **B) Non-Executive and Independent Directors**

##### ***Commission to Non-Executive Directors***

We do not pay any commission to any of our Non-Executive Directors.

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

The Board of Directors have accorded their approval for payment of sitting fee, in their meeting held on March 11, 2015 whereby the Non-Executive Directors of our Company would be entitled to a sitting fee of Rs. 1,000/- for attending every meeting of board or its committee thereof.

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 Directors, officers or employees, grant of stock options or benefits under any Keyman Insurance Policy taken by the Company.

### ***Shareholding of the Directors including qualification shares, if any***

As per the Article of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of Director of our Company. However, as on date of the Prospectus, the following directors hold shares, details of which are as under:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>No. of Shares held</b>	<b>% of Pre- Issue Paid-up Share Capital</b>
1.	Mr. Mahesh Mehta	5,80,000	42.65%

These shares are held by the said Directors in their personal capacity and either as sole or first holder.

### ***Interests of Directors***

Executive Directors of our Company may be deemed to be interested to the extent of remuneration paid to them for the services rendered by them and/or reimbursement of expenses payable to them as per the applicable laws, and the Articles of Association. Further, our non-Executive Directors and Independent are entitled to receive sitting fees for attending meetings of our Board within the limits laid down in the Companies Act and as decided by our Board.

Our Directors may also be regarded as interested in the Equity Shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms, ventures, trusts in which they are interested as promoters, directors, members, partners, proprietors or trustees. Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company.

Our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners. For further details, please refer the chapter titled “Related Party Transactions” beginning on page 124 of the Prospectus.

Except for Mr. Chintan Mehta (son of or Managing Director), our Directors do not have any relatives who have been appointed to a place or office of profit in our Company. For further details, please refer to para titled “Our Key Managerial Person” beginning on page 109 of this Prospectus.

### ***Interest as to Property***

Except as stated/referred to in the paragraph titled “Property” on page 87 of chapter titled “Business Overview” beginning on page 79 of the Prospectus, our Directors do not have any interest:

1. in the promotion of our Company; or
2. in any property acquired by our Company within two years from the date of the Prospectus, or proposed to be acquired by our Company.

Except as stated otherwise in this Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which our Directors are interested directly or indirectly and no payments have been made to them in respect of such contracts, agreements or arrangements. For further details, please refer to chapter titled “Financial Statements” beginning on page 125 of this Prospectus.

### **Bonus or profit sharing plan for our Directors**

Our Company does not have any bonus or profit sharing plan for its Directors.

### **CHANGES IN BOARD OF DIRECTORS IN LAST 3 YEARS**

The following table details the changes in the composition of the Board in the three years preceding the date of this Prospectus.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Date of change</b>	<b>Nature of change</b>
1	Mr. Mahesh Mehta	June 28, 2013	Appointed as First Director
2	Mr. Chintan Mehta	June 28, 2013	Appointed as First Director

Sr. No.	Name of Director	Date of change	Nature of change
3	Mrs. Daksha Mehta	June 28, 2013	Appointed as First Director
4	Mr. Chintan Mehta	August 30, 2013	Change in designation to Non-Executive Director
5	Mr. Santosh Sawant	August 30, 2013	Appointed as Non-Executive & Independent Director
6	Mr. Rakesh Sharma	August 30, 2013	Appointed as Non-Executive & Independent Director
7	Mrs. Daksha Mehta	August 30, 2013	Resignation
8	Mr. Mahesh Mehta	August 30, 2013	Appointed as Managing Director
9	Mr. Kamlesh Kapadia	October 16, 2013	Appointed as Non-Executive & Independent Director
10	Mr. Rakesh Sharma	October 16, 2013	Resignation
11	Mrs. Megha Chandawalla	March 11, 2015	Appointed as Non-Executive Director
12	Mr. Chintan Mehta	March 11, 2015	Resignation

### Corporate Governance

The provisions of the listing agreements, to be entered into by our Company with the Stock Exchanges, will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 52 (as applicable) of the listing agreement, particularly in relation to appointment of Independent Directors to our Board and constitution of the audit committee, shareholders' / investors' grievance committee and compensation committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 52 of the listing agreement. In addition, our Company intends to adopt a code of conduct for prevention of insider trading.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

- Audit Committee
- Stakeholder's Relationship Committee
- Nomination-cum-Remuneration Committee

### Composition of Board of Directors

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 52 of the Listing Agreement. Our Board has 4 Directors out of which 2 are independent Directors, and our Chairman is an Executive Director and is a Promoter of our Company, which is in accordance with the requirement of Clause 52 of the listing agreement of the Stock Exchange.

### Board Structure

Name	Nature of Directorship
Mr. Mahesh Mehta	Chairman and Managing Director
Mrs. Megha Chadawalla	Non-Executive Director
Mr. Santosh Sawant	Non-executive & Independent Director
Mr. Kamlesh Kapadia	Non-executive & Independent Director

**Note:** As per Clause 52 of the Listing Agreement,

*Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case he is an executive director, at least half of the Board should comprise of independent directors.*

*Provided that where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.*

### Audit Committee

Our Company has constituted an Audit Committee, as per the provisions of Section 177 of the Companies Act, 2013. The constitution of the Audit Committee was approved at the Meeting of the Board of Directors held on

March 11, 2015. The committee functions as prescribed under Section 177 of the Companies Act, 2013 and Clause 52 of the listing agreement. The members of the committee at present are:

Name of Director	Designation in Committee	Nature of Directorship
Mr. Kamlesh Kapadia	Chairman	Non-Executive and Independent
Mr. Santosh Sawant	Member	Non-Executive and Independent
Mrs. Megha Chandawalla	Member	Non-Executive

The Company Secretary of the Company shall be the secretary to the Stakeholder's Relationship Committee.

#### *Powers of the Audit Committee*

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with reasonable expertise, if considered necessary.

#### **The terms of reference of the audit committee are broadly defined as under:**

1. approval or any subsequent modification of transactions of the company with related parties;
2. scrutiny of inter-corporate loans and investments;
3. valuation of undertakings or assets of the company, wherever it is necessary;
4. monitoring the end use of funds raised through public offers and related matters;
5. Setting up of vigil mechanism and oversee the functioning of the mechanism
6. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
7. 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.
8. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
9. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - 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. Qualifications in the audit report.
10. Reviewing, with the management, the half yearly financial statements before submission to the board for approval
11. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
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 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 is existing.

19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee
21. The Audit Committee shall mandatorily review the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

#### **Meeting of Audit Committee and relevant quorum**

The Audit Committee shall meet at least 4 times in a year and not more than 4 months shall elapse between 2 meetings. The quorum shall be either 2 members or one third of the members of the Audit Committee, whichever is greater, but there shall be a minimum of 2 Independent Directors, who are members, present.

#### **Stakeholder's Relationship Committee**

Our Company has constituted a Stakeholder's Relationship Committee. The constitution of the Stakeholder's Relationship Committee was approved by a Meeting of the Board of Directors held on March 11, 2015. The committee is formed to specifically look into the redressal of shareholder and investor complaints. The members of the committee at present are:

<b>Name of Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship</b>
Mr. Kamlesh Kapadia	Chairman	Non-Executive and Independent
Mr. Santosh Sawant	Member	Non-Executive and Independent
Mrs. Megha Chandawalla	Member	Non-Executive

The Company Secretary of the Company shall be the secretary to the Stakeholder's Relationship Committee.

#### **The terms of reference of the Stakeholder's Relationship Committee shall be as follows:**

- a) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- b) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- c) Issue of duplicate / split / consolidated share certificates;
- d) Allotment and listing of shares;
- e) Review of cases for refusal of transfer / transmission of shares and debentures;
- f) Reference to statutory and regulatory authorities regarding investor grievances;
- g) And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

#### **Quorum for Stakeholder's Relationship Committee**

The quorum necessary for a meeting of the Stakeholder's Relationship Committee shall be 2 members or one third of the members, whichever is greater.

#### **Nomination-cum-Remuneration Committee**

Our Company has constituted a Nomination-cum-Remuneration Committee. The constitution of the Nomination-cum-Remuneration Committee was approved by a Meeting of the Board of Directors held on March 11, 2015. The said committee is comprised as under:

<b>Name of Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship</b>
Mr. Santosh Sawant	Chairman	Non-Executive and Independent
Mr. Kamlesh Kapadia	Member	Non-Executive and Independent



Name of Director	Designation in Committee	Nature of Directorship
Mrs. Megha Chandawalla	Member	Non-Executive

The Company Secretary of the Company shall be the secretary to the Stakeholder's Relationship Committee.

**The terms of reference of the Nomination-cum-Remuneration Committee are:**

- The Committee to identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, -
- Recommend to the Board their appointment and removal,
- Carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

**Quorum for Nomination-cum-Remuneration Committee**

The quorum necessary for a meeting of the Nomination-cum-Remuneration Committee shall be 2 members or one third of the members, whichever is greater.

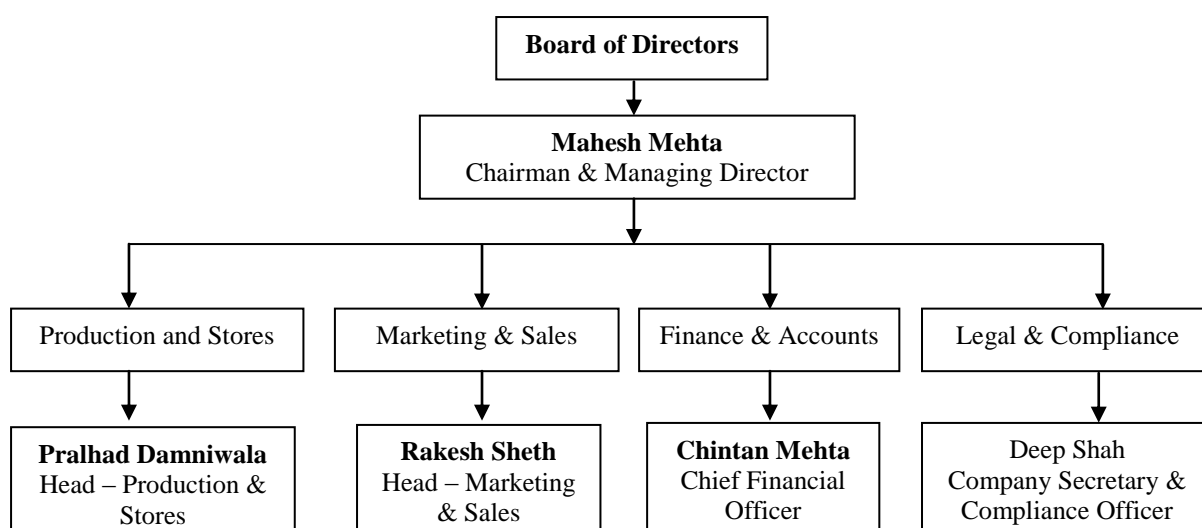
**Policy on Disclosure and Internal procedure for prevention of Insider Trading**

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, after listing of our Company's Equity Shares on the Stock Exchange. Further, Board of Directors at their meeting held on March 16, 2015 have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. Deep Shah, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

**ORGANISATION CHART OF OUR COMPANY**

As on the date of the Prospectus, the following is the organization structure of our Company:



### *Our Key Managerial Personnel*

<b>Sr. No.</b>	<b>Name, Designation, Age, Qualification</b>	<b>Date of Appointment</b>	<b>Remuneration for FY 2014 (Rs.)</b>	<b>Experience in the Company</b>	<b>Previous Company and Total Experience</b>
<b>1.</b>	<b>Mr. Chintan Mehta*</b> <b>Designation:</b> Chief Financial Officer <b>Age:</b> 29 years <b>Qualification:</b> B. E.	March 11, 2015*	-	21 months*	<b>Previous employment:</b> Knowell Corporation, Knowell Enterprises Private Limited  <b>Total Experience:</b> 6 years
<b>2.</b>	<b>Mr. Deep Shah</b> <b>Designation:</b> Company Secretary & Compliance Officer <b>Age:</b> 23 years <b>Qualification:</b> B. Com., C.S.	August 01, 2015	-	-	<b>Previous employment:</b> Article Assistant for C.S. course  <b>Total Experience:</b> Article Assistant for 1 years and 3 months
<b>3.</b>	<b>Mr. Pralhad Damniwala</b> <b>Designation:</b> Head - Production & Stores <b>Age:</b> 66 years <b>Qualification:</b> S.S.C.	June 28, 2013^	4,06,240	34 months^	<b>Previous employment:</b> Knowell Converters  <b>Total Experience:</b> 19 years
<b>4.</b>	<b>Mr. Rakesh Sheth</b> <b>Designation:</b> Head - Marketing & Sales <b>Age:</b> 46 years <b>Qualification:</b> H.S.C.	June 28, 2013^	3,78,000	43 months	<b>Previous employment:</b> self employed  <b>Total Experience:</b> 3.5 years

\*Prior to his appointment as the Key Managerial Person of our Company, he was Non-Executive Director of our Company.

^Mr. Pralhad Damniwala and Mr. Rakesh Sheth were employees of the erstwhile partnership firm – H.K. International.

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

Except for Mr. Chintan Mehta who holds 55,000 Equity Shares of our Company, none of the Key Managerial Personnel of our Company hold any shares of our Company as on the date of filling of the Prospectus.

### **Bonus or Profit Sharing Plan for the key Managerial Personnel during last 3 years**

Our Company does not have any bonus/profit sharing plan for any of the employees, directors, key managerial personnel.

**Changes in the Key Managerial Personnel during last 3 years**

Sr. No.	Name & Designation	Date of appointment	Reason
1.	Mr. Deep Shah	August 01, 2015	Appointed as CS & Compliance Officer
2.	Mr. Dhaval Parekh	July 31, 2015	Resigned as CS
3.	Mr. Chintan Mehta	March 11, 2015*	Appointed as CFO
4.	Mr. Dhaval Parekh	March 11, 2015	Appointed as CS
5.	Mr. Pralhad Damniwala	June 28, 2013^	Appointed as Head - Production & Stores
6.	Mr. Rakesh Sheth	June 28, 2013^	Appointed as Head - Marketing & Sales

*\*Prior to their appointment as the Key Managerial Person of our Company, he was Non-Executive Director of our Company.*

*^Mr. Pralhad Damniwala and Mr. Rakesh Sheth was an employee of the erstwhile partnership firm – H.K. International.*

The details about our employees appear under the Paragraph titled “Human Resource” beginning on page 86 of the Prospectus.

**Notes:**

*All the Key Managerial Personnel mentioned above are on the payrolls of our company as the permanent employees.*

*There is no understanding with major shareholders, customers, suppliers or any others pursuance of which any of the above mentioned personnel have been recruited.*

*The Key Management Personnel mentioned above are not related parties as per the Accounting Standard 18.*

*Our Company does not have any profit sharing plan with its key managerial personnel.*

**Employees**

The details about our employees appear under the paragraph titled “Human Resource” beginning on page 86 of the Prospectus.

**ESOP/ESPS Scheme to Employees**

Presently, we do not have ESOP/ESPS scheme for employees.

**Payment or Benefit to our officers**

Except for the payment of salaries and yearly bonus, we do not provide any other benefits to our employees.

**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 their shareholding, remuneration of benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business, Equity Shares of our Company held by them and any dividend payable by the Company on such shares. Further, if any Equity Shares are allotted to our Key Managerial Personnel prior to/ in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and/or dividends paid or payable on the same.

Our company has extended a loan of Rs. 50,000 to Mr. Pralhad Damniwala, which is outstanding as on the date of this prospectus. Except the aforementioned loan, no loans have been availed by our Key Managerial personnel from our Company.



### **Relation of the Key Managerial Personnel with our Promoters/Directors**

Except stated herein below, none of the Promoters/Directors of our Company have any relationship with any of our Key Managerial personnel:


- Mr. Chintan Mehta is the son of Mr. Mahesh Mehta (our Managing Director) and brother of Mrs. Megha Chandawalla (our Non-Executive Director).

## OUR PROMOTER

Mr. Mahesh Mehta is the Promoter of our Company:

### Profile of our Promoters

#### Mr. Mahesh Mehta

	Particulars	Details
	Name	Mr. Mahesh Mehta
	Age	61 years
	Educational Qualification	B.Com, M.B.A. (Finance) – Part I
	Experience	31 years
	PAN No.	AAAPM9275F
	Passport No.	Z2176715
	Driving License No.	-
	Voter ID	IYV0551928
	Bank Account No.	50100066183623
	Name of Bank & Branch	HDFC Bank Limited, Fort Branch
	% of pre-issue shareholding in the Company	42.65%
	DIN	00191524

For a detailed profile and information of Mr. Mahesh Mehta, please refer to chapter titled ‘Our Management’ beginning on page 100 of this Prospectus.

### Declarations and confirmations

We confirm that the PAN, Bank Account number and Passport Number of our Promoter shall be submitted to the Stock Exchange at the time of filing the Prospectus with them.

Our Promoter and Promoter Group confirm that they have not been declared as a willful defaulter by the RBI or any other governmental authority and there have been no violations of securities laws committed by them or any entities they own or are connected with in the past and no proceedings pertaining to such penalties are pending against them.

None of the Promoter, Promoter Group, Group Entities or persons in control of the Promoter or bodies corporate forming part of the Promoter Group has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad. None of the Promoters is or has ever been a promoter, director or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by the SEBI.

### Relationship of Promoter with each other, our Directors and Our Key Managerial Personnel

Sr. No.	Name of Promoter	Relationship Details
1.	Mr. Mahesh Mehta	Father of Mrs. Megha Chandawalla (Non-Executive Director), Father of Mr. Chintan Mehta (Chief Financial Officer)

### Changes in our Promoters

Our present Promoter is our original Promoter and there have been no changes in the control of our Company since its incorporation.

#### Note:

*Our Company was incorporated on June 28, 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm).*

Mr. Mahesh Mehta was admitted to the erstwhile partnership firm on February 28, 2013.

### Common Pursuits

Except as described below the Promoters / any member of Promoter Group do not have interest in any venture that is involved in any activities similar to those conducted by our Company.

Sr. No.	Name of Firm	Promoter Group / Group Entities	Commencement of business	Activity
1.	Knowell Corporation (Proprietorship)	Group Entities	April 30, 1984	Manufacturing of adhesive tapes from jumbo adhesive rolls
2.	Knowell Enterprises Private Limited	Group Entities	January 14, 2009	Trading of adhesive tapes
3.	MNM Composites Private Limited	Group Entities	March 28, 2005	Foam converting unit
4.	Knowell Converters (Proprietorship)	Promoter Group	January 29, 1997	Trading and selling on commission basis of adhesive tapes
5.	Knowell Graphics (Proprietorship)	Promoter Group	July 20, 2001	Trading and selling on commission basis of adhesive tapes

For further details, please see the chapter titled “Our Promoter Group and Group Entities” beginning on page 115 of the Prospectus.

### Interest of Promoters

Our Promoter is interested in our Company to the extent that he have promoted the Company, to the extent of his shareholding, for which he is entitled to receive the dividend declared, and other distribution in respect of Equity shares if any, by our Company.

Further, our Promoter may be deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to him for services rendered to us in accordance with the provisions of the Companies Act, terms of the Articles and their terms of appointment.

Further, the Promoter is interested to the extent of equity shares that they are holding and/or allotted to him out of the present Issue, if any, in terms of the Prospectus and also to the extent of any dividend payable to him and other distributions in respect of the said Equity Shares.

Our Promoter Group and Group Entity have provided his property to our Company on lease and hence he is interested to the extent of the rent received in respect of such property. For more details, please refer the chapter titled “Related Party Transactions” on page 124 and para titled “Property” on page 87.

Our Promoter and his immediate relatives have not given any loans to our Company, secured or unsecured, as on the date of the Prospectus.

Except as stated herein and as stated in the chapter ‘Related Party Transactions’ beginning on page 124 of the Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which the Promoter is directly or indirectly interested and no payments have been made to him in respect of these contracts, agreements or arrangements which are proposed to be made to him.

### Payment or Benefit to our Promoter

Except as stated in the section titled “Related Party Transactions” on page 124 of this Prospectus, there is no payment or benefit to our Promoters.

### Related Party Transactions



For details on our related party transactions please refer to the *chapter titled “Related Party Transactions”* beginning on page 124 of the Prospectus.

**Disassociation by the Promoter in the last three years**

Our Promoter has not disassociated himself from any companies, firms or other entities during the last three years preceding the date of the Prospectus.



## OUR PROMOTER GROUP AND GROUP ENTITIES

### OUR PROMOTER GROUP

Our Promoter Group in terms of Regulation 2(1)(zb) of SEBI (ICDR) Regulations, 2009 includes the following persons:

#### A. Individuals related to our Promoters

##### • Relatives of Mr. Mahesh Mehta

Relationship	Names
Spouse	Daksha Mehta
Father	Late Indulal Mehta
Mother	Late Prabhavati Mehta
Son	Chintan Mehta
Daughter (including step daughter)	Megha Chandawalla
Brother (including step Brother)	Harish Mehta, Narendra Mehta, Hemant Mehta
Sister (including step sister)	Kalpna Shah
Spouse's Father	Kantilal Shah
Spouse's Mother	Jaya Shah
Spouse's Brother	Jatin Shah
Spouse's Sister	Heena Doshi, Meeta Shah

#### B. Companies, partnership firms, proprietary concerns, trusts, HUF's related to our Promoter – Mr. Mahesh Mehta:

Relationship with Promoter	Details
Any company in which 10% or more of the share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relative is a member	<ol style="list-style-type: none"> <li>1. MNM Composites Private Limited</li> <li>2. Knowell Enterprises Private Limited</li> <li>3. Himark Technologies Private Limited</li> <li>4. Knowell International Private Limited</li> <li>5. Liberty Silk Mills Private Limited</li> <li>6. Palki Vintrade Private Limited</li> </ol>
Any company in which a company (mentioned above) holds 10% of the total holding	Nil
Any HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total holding	<ol style="list-style-type: none"> <li>1. M/s. Harris &amp; Co. (Partnership firm)</li> <li>2. M/s. Domex (Partnership firm)</li> <li>3. M/s. Knowell Corporation (Proprietorship – Mahesh Mehta)</li> <li>4. M/s. Liberty Textile (Partnership firm)</li> <li>5. M/s. New Lotus Silk Mills (Partnership firm)</li> <li>6. Mahesh I. Mehta (HUF)</li> <li>7. Kumar Art Printer (Partnership firm)</li> <li>8. Plastronics (Partnership firm)</li> <li>9. Glow Bright (partnership firm)</li> <li>10. Knowell Convertors (Proprietor – Daksha Mehta)</li> <li>11. Knowell Graphics (Proprietor – Daksha Mehta)</li> <li>12. Chintan Mehta (HUF)</li> </ol>

## OUR GROUP ENTITIES

As specified in the SEBI (ICDR) Regulations, 2009; the companies as covered under the applicable accounting standards are our group companies. Further our Board has decided in the Policy titled “Policy for Determining Group Companies” framed on August 18, 2015 that all Companies, firm, Ventures, etc. covered under the applicable accounting standards issued by Institute of Chartered Accountants of India shall be considered as Group Companies of our Company which comprise our Group entities, are:

1. MNM Composites Private Limited
2. Knowell Enterprises Private Limited
3. Himark Technologies Private Limited
4. M/s. Harris & Co. (partnership firm)
5. M/s. Domex (partnership firm)
6. Liberty Textile (partnership firm)
7. New Lotus Silk Mills (partnership firm)
8. M/s. Knowell Corporation (proprietorship firm)
9. Mahesh I. Mehta (HUF)

### ***Listed Companies within our Group Entities:***

There is no Listed Company in our Group entities. No equity shares of our Group Companies and Entities are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

### ***Unlisted Companies within our Group Entities:***

#### **1. MNM Composites Private Limited**

##### **Brief Details of the Company:**

MNM Composites Private Limited (MNMCPPL) was incorporated on March 28, 2005 having CIN – U24295MH2005PTC152221, issued by the Registrar of Companies, Mumbai. The Registered office of the Company is situated at Unit No. 3001, Bhandup Industrial Estate, Pannalal Silk Compound, L. B. S. Marg, Bhandup – West, Mumbai – 400 078, Maharashtra, India.

##### **Main Object of the Company:**

- 1) To take over the business of- existing partnership firm M/s. MNM Composites having registered office at Gala No. 3095, Bhandup Industrial Estate Co-op Society Ltd. Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 and carrying on business that of Manufacturer, traders, suppliers, dealers, importers, exporters & distributors of electronic components, electronic and electrical goods, papers, chemicals, adhesive, tapes, heat shrinkable tubings and on takeover, the firm shall be dissolved.
- 2) To carry on in India and abroad the business as manufacturers, traders, suppliers, dealers, importers, exporters & distributors of all types of non adhesive and self adhesive gaskets, foams, felts, rubber, self adhesive die-cut products, pressure sensitive labels of different types, self adhesive tapes, thermal tapes, insulation tapes, double sided tapes, masking tapes, packaging tapes.

##### **List of Directors:**

<b>Name</b>	<b>Designation</b>
Mr. Subramaniam Iyer	Director
Mr. Surendran Nair	Director
Mr. Mahesh Mehta	Director

##### **List of Shareholders:**

<b>Name</b>	<b>No. of shares held</b>	<b>% of shares held</b>
Mr. Subramaniam Iyer	3,334	33.34%
Mr. Surendran Nair	3,333	33.33%
Mr. Mahesh Mehta	3,333	33.33%
<b>Total</b>	<b>10,000</b>	<b>100.00%</b>

### Interest of our Promoter:

As on the date of this Prospectus, our Promoter holds 33% of the issued and paid up capital of MNMCPL. Except to the extent of the shareholding and directorship, our Promoter has no other interest in MNMCPL.

### Financial Performance:

The audited financial results of MNMCPL for the fiscal 2014, 2013 and 2012 are as under:

Particulars (Amount in Rs.)	Fiscal 2014	Fiscal 2013	Fiscal 2012
Equity Share Capital	1,00,000	1,00,000	100,000
Reserves & Surplus	64,59,314	60,95,300	53,60,746
Total Income	3,04,76,618	2,37,18,457	2,56,55,613
Profit / (Loss) after Tax	3,65,890	7,34,554	27,51,440
Earnings per Share (EPS) (in Rs.)	36.59	73.46	275.14
Book Value per share	655.93	619.53	546.07
Face Value per share	10	10	10

MNMCPL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

## 2. Knowell Enterprises Private Limited

### Brief Details of the Company:

Knowell Enterprises Private Limited (KEPL), formerly known as Balaji Infolink Private Limited was incorporated on January 14, 2009 having CIN – U72200MH2009PTC189562, issued by the Registrar of Companies, Mumbai. The Registered office of the Company is situated at Room No. 9, 2<sup>nd</sup> Floor, Tawawala Building, 99, Abdul Rehman Street, Mumbai – 400 003, Maharashtra, India.

### Main Object of the Company:

To carry on the business in India or elsewhere of providing services, manufacture, produce, assemble, repair, install, maintain, convert, service, overhaul, test, buy, sell, exchange, modify, design, develop, export, import, renovate, discover, research, improve, mechanize, mould print, insulated, hire, Jet on hire, broadcast, relay, exhibit, inform and to act as wholesaler, retailers, agent, stockiest, distributors, show room owners, franchiser or otherwise to deal in all sorts of items, systems, plants, machines, instruments, apparatus, devices, articles or things of communications of different models, capacities, characteristics, applications software and uses in all its branches such as radio and televisions, communications, telecommunications, space communications, satellite communications, wireless communications, electronic items, electrical items, mobile phones, base line phones, wireless or cordless phones, earphones and telephones of all kinds, computer communications, telephones and telegraphic communications and such other communication systems as may be discovered in future and to carry out all the foregoing activities for components, parts, fittings, fixtures, accessories, tools, devices & systems, connected thereto and to carry on the business of trading, marketing, dealing, converting, synthesizing, processing, fabricating, assembling, decorating and repairing of all kinds of computers, magnetic tapes, telecommunications equipments, electronics motors, audio and video instruments, audio magnetic tapes, video tapes, audio recorded cassettes, audio blank cassettes, video recorded cassettes, video blank cassettes, radio receiver, televisions receivers, calculators, musical instruments, electronic games, electronic automations and controlling equipments, gramophones, electronics instruments, electronics components, microwaves equipments and all other items of allied nature and all sorts of products by products, spares, accessories parts and things thereof and to conduct and carry on the business of distributing, hiring on hire purchase system or otherwise dealing in all types of electronics and electrical items accessories, peripheral parts and allied items and to carry on the business of communications and dealer, exporter, importers, C & F agents, buyers, sellers, stockiest, distributors, repairers of all kinds of electrical and electronic devices, accessories and all kinds of equipments devices, related with telecommunications and to carry on the business as telegraph and telephone engineers, electronic and electrical engineers, telecommunications engineers, wireless engineers, computer engineers, constructors and consultants, radio electric engineers and consultants, rectifiers, specialists, cables, wires, flexible polyvinyl chloride papers and other insulations or convening materials.

### List of Directors:

Name	Designation
Mr. Daksha Mehta	Director

Mr. Mahesh Mehta	Director
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**List of Shareholders:**

Name	No. of shares held	% of shares held
Mrs. Daksha Mehta	3,87,000	21.09%
Mahesh Mehta (HUF)	12,64,500	68.90%
Mr. Mahesh Mehta	1,83,870	10.02%
<b>Total</b>	<b>18,35,370</b>	<b>100.00%</b>

**Interest of our Promoter:**

As on the date of this Prospectus, our Promoter holds 10.02% of the issued and paid up capital of KEPL, whereas he holds 100% of KEPL through our Promoter Group. Except to the extent of the shareholding and directorship, our Promoter has no other interest in KEPL.

**Financial Performance:**

The audited financial results of KEPL for the fiscal 2014, 2013 and 2012 are as under:

Particulars (Amount in Rs.)	Fiscal 2014	Fiscal 2013	Fiscal 2012
Equity Share Capital	1,83,53,700	1,83,53,700	1,83,53,700
Reserves & Surplus	32,49,389	22,87,625	19,81,106
Total Income	90,99,367	1,07,50,390	70,55,305
Profit / (Loss) after Tax	9,61,764	3,06,520	3,24,245
Earnings per Share (EPS) (in Rs.)	0.52	0.17	0.18
Book Value per share	11.77	11.25	11.08
Face Value per share	10	10	10

KEPL is not a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

### 3. Himark Technologies Private Limited

**Brief Details of the Company:**

Himark Technologies Private Limited (HTPL) was incorporated on November 2, 2007 having CIN – U74999MH2007PTC175659, issued by the Registrar of Companies, Mumbai. The Registered office of the Company is situated at Beauty House, T. J. Road, Sewree - (West), Mumbai – 400 015, Maharashtra, India.

**Main Object of the Company:**

To carry on the business of designing, developing, trading selling, purchasing, distributing, importing and exporting of computer software and hardware, mobile accessories for enterprise management, meetings & exposition management marketing & sales management, healthcare management, and educational managements systems and to carry on the business as a value added reseller in deployment of computer software & hardware solutions, mobile accessories for enterprise management, meetings & exposition management , marketing & sales management, healthcare management, and educational managements systems.

**List of Directors:**

Name	Designation
Mr. Bankim Shah	Director
Mr. Mahesh Mehta	Director

**List of Shareholders:**

Name	No. of shares held	% of shares held
Mr. Jatin Shah	1,50,000	15%
Mr. Mahesh Mehta	3,50,000	35%
Mr. Bankim Shah	5,00,000	50%
Total	10,00,000	100%

### Interest of our Promoter:

As on the date of this Prospectus, our Promoter holds 35% of the issued and paid up capital of HTPL, whereas he holds 50% of HTPL through our Promoter Group. Except to the extent of the shareholding and directorship, our Promoter has no other interest in KEPL.

### Financial Performance:

The audited financial results of HTPL for the fiscal 2014, 2013 and 2012 are as under:

Particulars (Amount in Rs.)	Fiscal 2014	Fiscal 2013	Fiscal 2012
Equity Share Capital	1,00,00,000	1,00,00,000	1,00,00,000
Reserves & Surplus	(3,81,52,177)	(3,80,69,295)	(3,79,62,215)
Total Income	-	-	10,76,406
Profit / (Loss) after Tax	(82,882)	(1,07,080)	(5,70,041)
Earnings per Share (EPS) (in Rs.)	(0.08)	(0.11)	(0.57)
Book Value per share	(28.15)	(28.07)	(27.96)
Face Value per share	10	10	10

HTPL is a sick company as defined under the Sick Industrial Companies (Special Provisions) Act, 1985.

### Partnership firms within our Group entities:

#### 1. M/s. Harris & Co.

##### Brief Details of the firm:

The firm was established as a partnership firm and commenced its business in 1986. Our Promoter, Mr. Mahesh Mehta is one of the partners of this firm. The firm is not doing any business operations atleast since last three financial years.

##### Partners of M/s. Harris & Co. and their respective profit sharing ratio:

Sr. No.	Name of Partner	Profit Sharing Ratio
1.	Mr. Mahesh Mehta	40%
2.	Mahesh Mehta (HUF)	50%
3.	Mahendra Govindas Shah (HUF)	10%

### Financial Performance:

The financial accounts of M/s. Harris & Co. for the last three (3) fiscal years are as follows:

(Rs. In lakhs)

Particulars	Fiscal 2014	Fiscal 2013	Fiscal 2012
Partners' Capital	(2,75,912)	(2,72,466)	(2,68,329)
Total Income	Nil	Nil	Nil
Net Profit / (Loss)	(3,446)	(4,136)	(3,782)

#### 2. M/s. Domex

##### Brief Details of the firm:

The firm was established as a partnership firm and commenced its business in 1998. Our Promoter, Mr. Mahesh Mehta is one of the partners of this firm. The firm is in the business of graphic decoration chemicals, including resins.

##### Partners of M/s. Domex and their respective profit sharing ratio:

Sr. No.	Name of Partner	Profit Sharing Ratio
1.	Mr. Mahesh Mehta	40%

Sr. No.	Name of Partner	Profit Sharing Ratio
2.	Mr. Pramod Maheshwari	35%
3.	Mr. Mayank Maheshwari	25%

#### Financial Performance:

The financial accounts of M/s. Domex for the last three (3) fiscal years are as follows:

(Rs. In lakhs)

Particulars	Fiscal 2014 (Audited)	Fiscal 2013 (Audited)	Fiscal 2012 (Audited)
Partners' Capital	1,59,14,819	1,49,70,096	1,28,38,285
Total Income	4,75,74,760	4,24,72,513	3,73,09,071
Net Profit / (Loss)	17,73,074	29,30,317	35,87,034

### 3. M/s. Liberty Textile

#### Brief Details of the firm:

The firm was established as a partnership firm and commenced its business in 1980. Our Promoter, Mr. Mahesh Mehta is one of the partners of this firm. There is no business in this firm since 1990. The firm is kept alive since there is litigation in place. For further details on litigations, please refer to chapter titled "Outstanding Litigations, Material Developments and Other Disclosures" on page 167 of this Prospectus.

#### Partners of M/s. Liberty Textile and their respective profit sharing ratio:

Sr. No.	Name of Partner	Profit Sharing Ratio
1.	Mr. Mahesh Mehta	50%
2.	Mr. Ashish Desai	50%

#### Financial Performance:

Since, there is no business in this firm since 1990, financial statements are not prepared and not available.

### 4. M/s. New Lotus Silk Mills

#### Brief Details of the firm:

The firm was established as a partnership firm and commenced its business in 1980. Our Promoter, Mr. Mahesh Mehta is one of the partners of this firm. There is no business in this firm since 1990. The firm is kept alive since there is litigation in place. For further details on litigations, please refer to chapter titled "Outstanding Litigations, Material Developments and Other Disclosures" on page 167 of this Prospectus.

#### Partners of M/s. New Lotus Silk Mills and their respective profit sharing ratio:

Sr. No.	Name of Partner	Profit Sharing Ratio
1.	Mr. Mahesh Mehta	40%
2.	Mahesh I. Mehta (HUF)	50%
3.	Mrs. Daksha Mehta	10%

#### Financial Performance:

Since, there is no business in this firm since 1990, financial statements are not prepared and not available.

#### Proprietorship firms within our Group entities:

### 1. M/s. Knowell Corporation

#### Brief Details of the firm:



The firm is the proprietorship firm of our Promoter – Mr. Mahesh Mehta. It commenced its business in the year 1984. It is into the business of importing jumbo size rolls of adhesive tapes, selling polycarbonate films and teslins.

#### Financial Performance:

The financial accounts of M/s. Knowell Corporation for the last three (3) fiscal years are as follows:

(Rs. In lakhs)

Particulars	Fiscal 2014 (Audited)	Fiscal 2013 (Audited)	Fiscal 2012 (Audited)
Proprietor's Capital	3,15,77,801	2,93,31,700	2,48,29,319
Total Income	23,13,94,421	20,60,38,949	16,89,62,206
Net Profit / (Loss)	56,06,212	51,52,407	43,54,574

#### Trusts within our Group entities:

Nil

#### HUFs which form part of the Group Entities

##### 1. Mahesh I. Mehta (HUF)

#### Brief Details of the HUF:

PAN	AAJHM2581B
Name of Karta	Mr. Mahesh Mehta
Name of Members	Mahesh Mehta, Daksha Mehta, Chintan Mehta

#### Financial Performance:

The financial accounts of Mahesh I. Mehta (HUF) for the last three (3) fiscal years are as follows:

(Rs. In lakhs)

Particulars	Fiscal 2014	Fiscal 2013	Fiscal 2012
Capital	1,83,45,223	1,78,29,028	1,70,47,109
Total Income	7,18,005	9,02,555	10,61,756
Net Profit / (Loss)	6,94,634	8,78,059	9,60,244

#### All persons whose shareholding is aggregated for the purpose of disclosing under the heading 'Shareholding of the promoter group':

1. Mrs. Daksha Mehta
2. Mr. Jatin Shah
3. Mr. Chintan Mehta
4. Mr. Reema Shah
5. Mahesh I. Mehta (HUF)
6. Knowell Enterprises Private Limited

#### Group Companies with negative network, under winding up or which have become a sick industrial company

Except for Himark Technologies Private Limited, none of the entities forming part of Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further, none of our Group Companies has a negative network.

#### Common Pursuits/Conflict of Interest

Except as described below the Promoters / any member of Promoter Group does not have interest in any venture that is involved in any activities similar to those conducted by our Company.

Sr. No.	Name of Firm	Promoter Group / Group Entities	Commencement of business	Activity
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<b>Sr. No.</b>	<b>Name of Firm</b>	<b>Promoter Group / Group Entities</b>	<b>Commencement of business</b>	<b>Activity</b>
1.	Knowell Corporation (Proprietorship)	Group Entities	April 30, 1984	Manufacturing of adhesive tapes from jumbo adhesive rolls
2.	Knowell Enterprises Private Limited	Group Entities	January 14, 2009	Trading of adhesive tapes
3.	MNM Composites Private Limited	Group Entities	March 28, 2005	Foam converting unit
4.	Knowell Converters (Proprietorship)	Promoter Group	January 29, 1997	Trading and selling on commission basis of adhesive tapes
5.	Knowell Graphics (Proprietorship)	Promoter Group	July 20, 2001	Trading and selling on commission basis of adhesive tapes

Except as disclosed above, none of our Promoter Group is at present in the same line of business as ours.

### **Related Party Transactions**

For details of the related party transactions, see chapter titled “*Related Party Transactions*” beginning on page 124 of the Prospectus.

### **Other confirmations**

#### *Interest in sales and purchases*

Except as disclosed in chapter titled “*Related Party Transactions*” on page 124 of the Prospectus, there have been no sales and purchases between us and our Group Companies and Entities, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

#### *Business Interests*

Except as disclosed in chapter titled “*Related Party Transactions*” on page 124 of the Prospectus, none of our Group Companies and Entities have any business interests in our Company.

#### *Defunct Group Companies and Entities*

None of our Group Companies and Entities has remained defunct and no application has been made to the Registrar of Companies for striking-off their name from the register of companies, during the five years preceding the date of filing of the Prospectus.

#### *Interest in promotion of our Company*

Except as disclosed in chapter titled “*History and Certain Corporate Matters*” on page 97 of the Prospectus, none of our Group Companies and Entities are interested in the promotion of our Company.

#### *Interest in the property of our Company*

Except as disclosed in the chapters titled “*Business Overview*” and “*Related Party Transactions*” beginning on pages 79 and 124 of the Prospectus, our Group Companies and Entities do not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of the Prospectus.

#### *Interest in the transaction involving acquisition of land*

Except as disclosed in the chapters titled “*Business Overview*” and “*Related Party Transactions*” beginning on pages 79 and 124 of the Prospectus, none of our Group Companies and Entities were interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

## **DIVIDEND POLICY**

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since incorporation.

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.



## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions, please refer to the chapter “*Financial Statements*” beginning on page 125 of the Prospectus.

**SECTION V**  
**FINANCIAL STATEMENTS**  
**AUDITORS REPORT ON**  
**FINANCIAL INFORMATION OF H.K. TRADE INTERNATIONAL LIMITED**

**Auditor's Report as required by Part I of Chapter III of the Companies Act, 2013.**

**To,**  
**The Board of Directors,**  
**H.K. TRADE INTERNATIONAL LIMITED**  
9, 2nd Floor, Bharat House, Plot No. 104,  
Bombay Samachar Marg, Near Bombay Stock Exch.,  
Fort, Mumbai- 400001  
Maharashtra.

Dear Sir(s),

**Re: Proposed Public Issue of Equity Shares of M/s H.K. TRADE INTERNATIONAL LIMITED**

We have examined and found correct the annexed restated summary statements of M/s H.K. Trade International Limited for the years ended March 31, 2015, 2014, 2013, 2012 and 2011 prepared by the Company and approved by its Board of Directors.

At the date of signing this report, we have not come across any material adjustment, which would affect the result shown by these accounts drawn up in accordance with the requirements of Part I of Chapter III of the Companies Act, 2013.

In accordance with the requirements of:

- Section 26 of Companies Act, 2013 and rules framed thereunder;
  - Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 ('the SEBI ICDR Regulations') and
  - The Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India and terms of reference received from the Company in connection with the proposed public issue of Equity shares of the Company.
  - The terms of reference given vide the Company's letter dated 01/02/2015 requesting us to carry out work in connection with the Issue as aforesaid, we report that:-
1. The summary statement of assets and liabilities, as restated, of the Company as at the years ended March 31, 2015, 2014, 2013, 2012, and 2011 are as set out in Annexure - I to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts in Annexure - IV to this report.
  2. The summary statement of profit and loss, as restated of the Company for the years ended March 31, 2015, 2014, 2013, 2012, and 2011 are as set out in Annexure - II to this report. These profits have been arrived after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure - IV to this report.
  3. We have examined the summary statement of cash flow, as restated relating to the Company for the years ended March 31, 2015, 2014, 2013, 2012, and 2011 appearing in Annexure - III to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts as appearing in Annexure - IV to this report.

These statements have been prepared by the Company and approved by its Board of Directors (these statements are herein collectively referred to as the "Restated Summary Statements". These statements have been extracted from the audited financials statement of the Company for the respective period / years.



Audit of the financial statements for the year ended March 31, 2015 have been conducted by Company's Auditor M/s Nirmal Nahata & Associates and for the year ended March 31, 2014 have been conducted by Company's/ Partnership's Auditor M/s Nirmal Nahata & Associates, Chartered Accountant and Tax Auditor, M/s DK Surana & Associates, Chartered Accountant and for the year ended March 31, 2013, 2012, and 2011 have been conducted by Company's Tax Auditor M/s. Surendra & Co, Chartered Accountants, under Income Tax Act, 1961. Further, financial statements for years ended March 31, 2015, 2014 have been re-audited by us as required under the SEBI ICDR Regulations. This report, in so far as it relates to the amounts included for the financial years ended March 31, 2013, 2012, and 2011 is based on the audited financial statements of the entity which were audited by the Tax Auditor M/s. Surendra & Co, Chartered Accountants has been relied upon by us for the said periods.

The Restated Summary Statements of the Company as included in this report for the years ended March 31, 2013, 2012, and 2011 are based on the audited financial statements of the earnest while Partnership Firm, which was later converted into Company, under Chapter IX during FY2013-14, which were audited by the Tax Auditor of the Partnership Firm and whose Auditors' report has been relied upon by us for the said years and as for the years ended March 31, 2015, 2014 including the financials of the partnership firm as transferred to Company as per Chapter IX, under Companies, 1956 from examined by us as set out in Annexure I, II and III of this report are after making such adjustments and regrouping as in our opinion were appropriate.

Based on the above and also as per the reliance placed by us on the audited financial statements of the erstwhile partnership firm which were audited by Tax Auditor for the years ended March 31, 2013, 2012, and 2011 we are of the opinion that the Restated Summary Statements have been made after incorporating:

- i. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
- ii. Adjustments for the material amounts in the respective financial years to which they relate;
- iii. There are no qualification in the auditor's report which require any adjustments to the Restated Summary statements
- iv. There are no revaluation reserves which needed to be disclosed separately in the restated financial information in the respective financial years.
- v. And the extra-ordinary items have been disclosed separately in the accounts.

We have examined the following financial information relating to the Company proposed to be included in the offer document:

1. Statement of Sundry Debtors, as Restated enclosed as Annexure V to this report;
2. Statement of Provisions, as Restated as appearing in Annexure VI to this report;
3. Statement of Loans and Advances, as Restated as appearing in Annexure VII to this report;
4. Statement of Other Non-Current Assets And Other Current Assets, as Restated as appearing in Annexure VIII to this report;
5. Statement of Other Current Liabilities And Other Long Term Liabilities, as Restated as appearing in Annexure IX to this report;
6. Statement of Short Term Borrowings, as Restated as appearing in Annexure X to this report;
7. Statement of Long Term Borrowings, as Restated as appearing in Annexure XI to this report;
8. Statement of Revenue From Operations, as Restated as appearing in Annexure XII to this report;
9. Statement of Other Income, as Restated as appearing in Annexure XIII to this report;
10. Statement of Contingent Liabilities, as Restated as appearing in Annexure XIV to this report;
11. Statement of Accounting Ratios, as Restated as appearing in Annexure XV to this report;
12. Statement of Capitalization, as Restated as at March 31, 2015 as appearing in Annexure XVI to this report;
13. Statement of Tax Shelters, as Restated as appearing in Annexure XVII to this report;
14. Statement of Investments, as Restated as appearing in Annexure XVIII to this report;
15. Statement of Related Parties Transactions, as Restated as appearing in Annexure XIX to this report;
16. Statement of Dividend Declared as Restated in Annexure XX to this report.
17. Statement of Segment Reporting, as Restated as appearing in Annexure XXI to this report.
18. Statement of Reserves and Surplus, as Restated as appearing in Annexure XXII to this report.

In our opinion the above financial information of the Company for the years ended March 31, 2015 and 2014, read with Significant Accounting Policies and Notes to Accounts enclosed in Annexure IV to this report and also as per the reliance place by us on the audited financial statements of the Company which were audited by the Tax Auditor

for the years ended March 31, 2013, 2012, and 2011, after making adjustments / restatements and regroupings as considered appropriate has been prepared in accordance with Part I of Chapter III of the Companies Act, 2013 and the SEBI ICDR Regulations.

This report should not be in any way construed as a reissuance or redrafting of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed Initial Public Offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **TALATI & TALATI**  
**CHARTERED ACCOUNTANTS**  
(FRN NO.: 110758W)

**CA ANAND BANKA**

*(Partner)*  
(M. No.: 132614)  
Place : Mumbai  
Date : 08/08/2015

**STATEMENT OF ASSETS AND LIABILITIES AS RESTATED (In Rupees)**

Particulars	As at				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholder's Funds</b>					
(a) Share Capital/ Partner's Capital	136,00,000	136,00,000	28,78,862	24,07,267	19,58,423
(b) Reserves and Surplus	22,36,667	16,75,638	23,90,765	17,27,251	8,50,725
<b>(2) Non-Current Liabilities</b>					
(a) Long-term borrowings	-	-	-	-	-
(b) Deferred tax liabilities (Net)	-	-	54,954	33,657	1,104
<b>(3) Current Liabilities</b>					
(a) Short term borrowings	-	9,50,000	1,25,000	1,04,900	-
(b) Trade payables	48,36,887	29,05,426	72,32,799	55,73,558	76,93,085
(c) Other current liabilities	5,40,799	3,40,063	-	1,77,614	16,517
(d) Short-term provisions	5,93,733	1,69,755	2,80,838	3,59,700	4,63,576
<b>Total</b>	<b>21,808,085</b>	<b>196,40,882</b>	<b>129,63,217</b>	<b>103,83,948</b>	<b>109,83,430</b>
<b>II. Assets</b>					
<b>(1) Non-current assets</b>					
(a) <i>Fixed assets</i>					
(i) Tangible assets					
Gross Block	29,20,948	26,92,748	26,85,598	20,85,299	3,06,463
Depreciation	11,37,626	7,98,867	4,92,273	2,24,526	65,757
<b>Net Block</b>	<b>17,83,321</b>	<b>18,93,880</b>	<b>21,93,325</b>	<b>18,60,772</b>	<b>2,40,706</b>
(b) Non-current investments	-	-	-	-	-
(c) Deferred Tax Assets (Net)	17,944	9,871	-	-	-
(d) Long term loans and advances	-	-	-	-	-
(e) Other Non-Current assets	86,514	84,112	57,425	48,525	48,525
<b>(2) Current assets</b>					
(a) Current Investment	-	-	-	-	-
(b) Inventories	49,20,300	21,65,052	40,29,745	20,75,557	40,25,556



Particulars	As at				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
(c) Trade receivables	63,32,920	128,19,130	54,08,486	57,92,116	61,02,870
(d) Cash and cash equivalents	79,74,515	19,56,836	10,74,237	2,56,976	4,25,772
(e) Short-term loans and advances	6,73,370	7,12,000	2,00,000	3,50,000	1,40,000
(f) Other current assets	19,201	-	-	-	-
<b>Total</b>	<b>21,808,085</b>	<b>19,640,882</b>	<b>129,63,217</b>	<b>103,83,948</b>	<b>109,83,430</b>

**Annexure – II**
**STATEMENT OF PROFIT & LOSSES AS RESTATED (In Rupees)**

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Revenue</b>					
Revenue from operations (gross)					
<b>Sale of products</b>					
Manufactured goods	420,10,581	336,76,815	359,11,429	427,25,324	312,42,496
Traded goods	-	-	-	-	-
Less: Excise duty	-	-	-	-	-
Revenue from operations (net)	420,10,581	336,76,815	359,11,429	427,25,324	312,42,496
Other income	2,53,270	20,678	32,193	32,911	47,776
<b>Total revenue</b>	<b>422,63,851</b>	<b>336,97,493</b>	<b>359,43,621</b>	<b>427,58,235</b>	<b>312,90,272</b>
<b>Expenses</b>					
Cost of materials consumed	397,58,011	287,22,102	346,89,021	375,52,267	298,81,706
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(27,55,249)	18,64,693	(19,54,188)	19,49,999	(15,43,102)
Employee benefits expense	20,04,682	10,98,050	9,85,447	6,76,376	3,91,758
Finance costs	113	7,315	3,559	7,078	433
Depreciation and amortisation expense	3,53,085	3,06,595	2,67,747	1,58,769	20,694
Other expenses	11,26,131	14,13,113	9,85,504	11,44,082	14,21,262
<b>Total Expenses</b>	<b>404,86,773</b>	<b>334,11,868</b>	<b>349,77,089</b>	<b>414,88,572</b>	<b>301,72,751</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>	<b>17,77,078</b>	<b>2,85,625</b>	<b>9,66,532</b>	<b>12,69,663</b>	<b>11,17,521</b>
Add / (Less) : Exceptional items	-	-	-	-	-
<b>Profit / (Loss) before extraordinary items and tax</b>	<b>17,77,078</b>	<b>2,85,625</b>	<b>9,66,532</b>	<b>12,69,663</b>	<b>11,17,521</b>
Add / (Less) : Extraordinary items	-	-	-	-	-

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Profit / (Loss) before tax</b>	<b>17,77,078</b>	<b>2,85,625</b>	<b>9,66,532</b>	<b>12,69,663</b>	<b>11,17,521</b>
<b>Tax Expenses</b>					
Current tax expense for current year	5,92,825	1,68,847	2,81,722	3,60,584	4,63,580
(Less): MAT credit	-	-	-	-	-
Net current tax expense	5,92,825	1,68,847	2,81,722	3,60,584	4,63,580
Provision for FBT	-	-	-	-	-
Deferred tax	(8,073)	(64,825)	21,297	32,553	1,734
<b>Profit after tax but before share of results of associates and minority interests</b>	<b>11,92,326</b>	<b>1,81,603</b>	<b>6,63,514</b>	<b>8,76,526</b>	<b>6,52,207</b>
Less: Minority Interests	-	-	-	-	-
Add: Share of net profit of Associates	-	-	-	-	-
<b>Profit After Tax and share of results of associates and minority interest as per Audited Accounts (A)</b>	<b>11,92,326</b>	<b>1,81,603</b>	<b>6,63,514</b>	<b>8,76,526</b>	<b>6,52,207</b>
<b>Adjustments</b>					
Impact of Change in Accounting Policies and Estimates	-	-	-	-	-
Excess/(Short) Provision for Taxation	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-
Total Impact of Adjustment	-	-	-	-	-
<b>Total Adjustments net of tax impact (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit as Restated (A + B)</b>	<b>11,92,326</b>	<b>1,81,603</b>	<b>6,63,514</b>	<b>8,76,526</b>	<b>6,52,207</b>
Surplus/(Deficit) brought forward from previous years	75,638	23,90,765	17,27,251	8,50,725	1,98,517
Less: Capitalisation of the Profits	-	-	-	-	-
Less: Transfer to Partners Capital Account	-	-	-	-	-
<b>Balance available for appropriations, as restated</b>	<b>12,67,964</b>	<b>25,72,368</b>	<b>23,90,765</b>	<b>17,27,251</b>	<b>8,50,725</b>
<b>Appropriation</b>		<b>24,96,730</b>	<b>-</b>	<b>-</b>	<b>-</b>
Proposed Dividend on Equity shares	-	-	-	-	-
Proposed Dividend on Preference shares	-	-	-	-	-
Tax on Dividend	-	-	-	-	-
Issue of Shares (Conversion to Limited company )	-	24,96,730	-	-	-
Transfer to Capital Reserve	-	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-
<b>Balance Carried forward as restated</b>	<b>12,67,964</b>	<b>75,638</b>	<b>23,90,765</b>	<b>17,27,251</b>	<b>8,50,725</b>

**Annexure – III**
**STATEMENT OF CASH FLOWS FROM RESTATED FINANCIAL STATEMENTS (In Rupees)**

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before taxation and extraordinary items	17,77,078	2,85,625	9,66,532	12,69,663	11,17,521
Adjustment for :					
Incorporation Cost (which is amortized)	-	-	-	-	
Depreciation	3,53,085	3,06,595	2,67,747	1,58,769	20,694
Finance Costs	113	7,315	3,559	7,078	433
Interest Income	(2,19,624)	(1,687)	-	-	-
<b>Operating profit / (loss) before working capital changes</b>	<b>19,10,652</b>	<b>5,97,848</b>	<b>12,37,838</b>	<b>14,35,511</b>	<b>11,38,648</b>
<b>Changes in working capital:</b>					
Adjustments for (increase) / decrease in operating assets:					
Inventories	(27,55,248)	18,64,693	(19,54,188)	19,49,999	(15,43,102)
Trade receivables	64,86,210	(74,10,644)	3,83,630	3,10,754	(18,09,884)
Short-term loans and advances	38,630	(5,12,000)	1,50,000	(2,10,000)	(90,000)
Other current assets	(19,201)	-	-	-	-
Adjustments for increase / (decrease) in operating liabilities:					
Trade payables	19,31,461	(43,27,373)	16,59,241	(21,19,526)	23,07,746
Other current liabilities	2,00,736	3,40,063	(1,77,614)	1,61,097	5,723
Short-term provisions	4,23,978	(11,10,83)	(78,862)	(1,03,876)	3,85,299
<b>Cash generated from operations</b>	<b>82,17,218</b>	<b>(95,58,496)</b>	<b>12,20,045</b>	<b>14,23,958</b>	<b>3,94,430</b>
Net Tax Provisions	5,92,825	1,68,847	2,81,722	3,60,584	4,63,580
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>76,24,393</b>	<b>(97,27,343)</b>	<b>9,38,323</b>	<b>10,63,374</b>	<b>(69,150)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Capital expenditure on fixed assets, including capital advances	(2,42,526)	(7,150)	(6,00,299)	(17,78,836)	(1,52,948)
Deposits (Non Current Assets)	(2,402)	(26,687)	(8,900)	-	-
Interest received	2,19,624	1,687	-	-	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(25,304)</b>	<b>(32,150)</b>	<b>(6,09,199)</b>	<b>(17,78,836)</b>	<b>(1,52,948)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>					
Proceeds from Capital Introduced	-	82,24,408	4,71,595	4,48,844	3,48,004

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Withdrawal of the Partners Capital	-	-	-	-	-
Proceeds from Security Premium	-	16,00,000	-	-	-
Proceeds from other short-term borrowings	-	8,25,000	20,100	1,04,900	-
Repayment of other short-term borrowings	(9,50,000)	-	-	-	-
IPO Charges	(6,31,297)				
Finance Charges paid	(113)	(7,315)	(3,559)	(7,078)	(433)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(15,81,410)</b>	<b>106,42,093</b>	<b>4,88,136</b>	<b>5,46,666</b>	<b>3,47,571</b>
<b>NET INCREASE /(-) DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>60,17,680</b>	<b>8,82,599</b>	<b>8,17,261</b>	<b>(1,68,796)</b>	<b>1,25,472</b>
<b>OPENING BALANCE IN CASH AND CASH EQUIVALENTS</b>	<b>19,56,836</b>	<b>10,74,237</b>	<b>2,56,976</b>	<b>4,25,772</b>	<b>3,00,300</b>
<b>CLOSING BALANCE IN CASH AND CASH EQ.</b>	<b>79,74,516</b>	<b>19,56,836</b>	<b>10,74,237</b>	<b>2,56,976</b>	<b>4,25,772</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**
**SIGNIFICANT ACCOUNTING POLICY ON RESTATED FINANCIAL STATEMENT:**
**1. Basis of preparation of Financial Statements:**

- (a) These financial statements are restated and have been prepared to comply with all material respect with all the applicable Accounting Standards notified under section 211 (3C) of the Companies Act, 1956 and read with general circular 15/2013 dated 13<sup>th</sup> 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 and Companies Act, 2013.
- (b) The financial statements are prepared under the historical cost convention and on the accounting principles of going concern. The Company follows the accrual system of accounting where income & expenditure are recognized on accrual basis.
- (c) Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting policies.

**2. Use of Estimates:**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. The difference between the actual results and estimates are recognized in the period in which the results are known / materialized

**3. Fixed Assets:**

Fixed assets are stated at cost inclusive of CENVAT/VAT, less accumulated depreciation and impairment loss, if any. All Costs including any cost attributable in bringing the assets to their working condition for their intended use is capitalized.

**4. Depreciation:**

Depreciation on fixed assets is provided on Written Down Value (WDV) method at the rate and manner prescribed in schedule XIV of the Companies Act, 1956 up to the period ending on 31/03/2014.

For the year ending on 31/03/2015, the depreciation on fixed assets is provided as per the manner prescribed in, Part C, Schedule II of the Companies Act, 2013. The details of useful life of an asset and its residual value estimated by the management are as follows:-

Type of the Asset	Useful Life
Office Equipments	15
Machinery & Tools	15
Furniture & Fixtures	10

Type of the Asset	Useful Life
Computer	3

\*In none of the case the residual value of an asset is more than five per cent of the original cost of the asset

## **5. Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## **6. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or the rate approximates the actual rate at the date of the transaction.

At the year end, monetary items denominated in foreign currencies other than those covered by forward contracts are converted into rupee equivalents at the year-end exchange rates. In case of items which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference and the premium paid on the forward contracts is recognized over the life of contract.

All income or expenses on account of exchange differences either on settlement or on transaction is recognized on settlement/conversion of foreign currency transactions are recognized in the Profit and Loss Account.

## **7. Valuation of Investments:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Current Investments are carried at the lower of cost or quoted / fair value computed scrip wise, Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

## **8. Valuation of Inventories:**

Cost is determined by considering the expenses which are directly attributable to the field related activities excluding fixed expenses if any. Market price is arrived at the amount which the company charges to the client as per the terms of the contract.

Closing Stock is valued at the cost or the Net realizable value whichever is lower. Cost includes cost of purchase and other expenses incurred in bringing them to their respective present location and condition.

## **9. Revenue Recognition:**

Sale of goods is recognized on transfer of significant risks and rewards associated with ownership, which is generally on the dispatch of goods to customers, inclusive of excise duty and net of VAT & trade/ volume Discount.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### **10. Employee Benefits**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

Post-employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Profit and Loss account.

#### **11. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition / construction of qualifying assets of (net of income earned on temporary deployment of funds) are capitalized as part of the cost of such fixed assets up to the date when such assets are ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

#### **12. Provision for Current Tax & Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from the timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in the future.

#### **13. Contingent Liabilities / Provisions:**

The company creates a provision when there is a present obligation result of the past events that probably requires an outflow of resources and reliable estimates that can be made of the amount of obligation.

A disclosure of the Contingent liability is made when there is possible obligation that may, but probably will not, require as outflow resources. Contingent are neither recognised or disclosed.

Provision is made in the accounts in respect of contingent liabilities which is likely to materialize into liabilities after the year end, till the finalization of accounts and which have material effect on the position stated in the Balance Sheet.

#### **14. Government Grants**

Grants received against specific fixed assets are adjusted to the cost of the assets. The Grants which are revenue in nature are adjusted through Profit & Loss Accounts, under the head extraordinary items.

#### **15. Earnings Per Share:**



Basic Earnings per share is computed by dividing the net profit for the year after prior period adjustments attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

During the Financial year 2010-11 to 2012-13 and for the period 01/04/2013 to 09/10/2013, the entity was a partnership firm and the total capital outstanding, other than the accumulated profit, was considered as an Issued Share Capital at the Face Value of Rs. 10/- each (as the same was considered at the time of conversion. The details of the calculation of the weighted average number of shares are as under:-

<b>Period</b>	<b>Opening No. Shares</b>	<b>Closing No. Shares</b>	<b>Weighted Average Number of Shares</b>
2010-11	161042	195842	178442
2011-12	195842	240727	218285
2012-13	240727	287886	264306
2013-14	287886	1360000	758973
2014-15	1360000	1360000	1360000

In case of calculation of the Weighted Diluted Earnings Per Share, the profit which was transferred to capital account of the partners in the year 2008-09, 2009-10, 2010-11 and 2011-12 was considered as potential conversion to equity share. The details are as under:-

Since all accumulated profit during this period were converted into equity share, by way of capitalisation of reserve, termed equivalent to bonus, at the time of conversion of partnership firm to Company and transferring all the Assets and Liabilities to company in term of Chapter IX of Companies Act, 1956, the profit of the respective years has been considered as potential for converting into equity share for the purpose of calculation of Weighted Average Diluted Shares

<b>Period</b>	<b>Weighted Average Number of Shares</b>	<b>Number of shares as per the Profit of the Year transferred to Partners Capital Account</b>	<b>Weighted Average Diluted Shares</b>
2010-11	178442	85072	263515
2011-12	218285	172725	391010
2012-13	264306	239076	503383
2013-14	758973	-	758973
2014-15	1360000	-	1360000

## **NOTES ON ACCOUNTS ON RESTATED FINANCIAL STATEMENT:**

### **1. Notes on Adjustments**

In the FY- 2013-14, the entity converted from partnership firm to Company and transferring all the Assets and Liabilities to the company as per Chapter IX of Companies Act, 1956. For the re-audited and restated financials the same has been treated as a company for the period of re-audit and restatement.

In consideration the company has allotted 1160000 equity shares fully paid up of Rs. 10/- each to the partners of M/s HK International equivalent to the capital, including profit, standing in their partners capital account totaling to Rs. 1,16,00,000/-. The Summarized below are the restatements made to the audited financial statements for the respective period/years and their impact on the profit / (loss) of the Company:

**Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years/period.**

#### **Adjustments having impact on Profit**

- **DEPRECIATION**  
The Depreciation for the year 2010-11 to 2013-14 was calculated as per the Companies Act 1956, which have now been adjusted in the respective years in the profit and loss account.
- **PRIOR PERIOD EXPENSES**  
The Expenses related to the Prior Period have been adjusted in the year to which it is related with and accordingly the Increase/Decrease in Reserves of the company has been incorporated.
- **TAX ADJUSTMENTS**  
The Profit & Loss Account of some years have not considered for MAT Entitlement, which have now been adjusted in the respective years in the Profit & Loss Account.  
Further Deferred tax provisions have been now made, whenever required as per Accounting Standard - 22, Taxes on Income.

#### **Material Regrouping**

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009.

#### **Reconciliation of Profit and Loss account**

Particulars	For the period ended on				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Profit/(Loss) after tax as per audited financial statements (A)</b>	10,57,561	3,49,141	6,17,611	11,64,312	11,11,910
<b>B. Adjustments</b>					
<b>a. Adjustments on account of changes in accounting policies:</b>					
Depreciation	9,600	25,240	(68,920)	(1,05,351)	(5,610)

Particulars	For the period ended on				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Deferred Tax	(60,114)	(71,123)	21,297	32,553	1,734
Primilinary Expenses Written off	(2,04,479)	2,04,479			
<b>c. Excess/short provisions for taxations</b>					
Increase/(Decrease) in Provision for Taxes	-	8,942	1,722	3,60,584	4,63,580
Increase/(Decrease) in Provision for FBT	-	-	-	-	-
<b>d. Other Adjustments:</b>					
Tax Adjustment	-	-	-	-	-
<b>Pre-tax impact of Adjustments - (B)</b>	(1,34,765)	1,67,538	(45,902)	2,87,786	4,59,704
<b>C. Tax impact on Adjustments:</b>					
Income Tax	-	-	-	-	-
<b>Total Tax impact on Adjustments - (C)</b>	-	-	-	-	-
<b>Total Adjustments net of tax impact (B+C) (D)</b>	(1,34,765)	1,67,538	(45,902)	2,87,786	4,59,704
<b>Adjusted/Restated Profit/(Loss) (A-D)</b>	<b>11,92,326</b>	<b>1,81,603</b>	<b>6,63,514</b>	<b>8,76,526</b>	<b>6,52,207</b>

## 2. Share Capital

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Share Capital/ Partner's Capital	136,00,000	136,00,000	28,78,862	24,07,267	19,58,423

### Note:

In the year 2013-14, the Company has been formed under the provisions of chapter IX of Companies Act, 1956 by taking over all the Assets & Liabilities of partnership Firm named as M/s. HK International. In consideration the company has allotted 1160000 equity shares fully paid up of Rs. 10/- each to the partners of M/s HK International equivalent to the capital including the accumulated reserves standing in their partner's capital account totaling to Rs. 1,16,00,000.

## 3. Managerial Salary/Remuneration

(In Rupees)

Particulars	For the period ended March 31, 2015	For the period ended March 31, 2014	For the period ended March 31, 2013	For the period ended March 31, 2012	For the period ended March 31, 2011
Director's Salary/ Partner's Salary	6,00,000	-	-	3,00,000	3,00,000

#### 4. Auditors Remuneration include

(In Rupees)

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Audit Fees	29,500	29,500	22,472	22,060	19,854
<b>T O T A L</b>	<b>29,500</b>	<b>29,500</b>	<b>22,472</b>	<b>22,060</b>	<b>19,854</b>

#### 5. Deferred Tax Liability / (Assets)

As required by Accounting Standard 22 on “Accounting for Taxes on Income”, Deferred Tax comprises of the following items:

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
On Account of Depreciation	(77,247)	(5,309)	68,921	1,05,349	5,611
<b>On Account of Preliminary Expenses</b>	51,120	(2,04,480)	-	-	-
<b>Total of Timing Difference</b>	(26,127)	(2,09,789)	68,921	1,05,349	5,611
<b>Defferd Tax Liability/(Asset)</b>	(8,073)	(64,825)	21,297	32,553	1,734

#### Segment Reporting:

The Company is predominantly in the business of “Cutting and rolling of Adhesive Tapes” and as such there are no separate reportable segments. The Company’s operations are predominantly only in India.

Certain balances representing debtors and creditors are subject to reconciliation and receipts of confirmations from parties, pursuant to confirmation request sent by the company.

Figures for the previous year have been regrouped / reclassified / reinstated, wherever considered necessary.

#### **Annexure – V**

#### **STATEMENT OF TRADE RECEIVABLES AS RESTATED (In Rupees)**

Particulars	As At				
	31.12.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Receivable other than from promoters/promoters group/directors/related parties</b>					
<b>Less than Six Months</b>					
- Unsecured Considered Good	50,83,870	86,38,206	44,76,648	55,11,825	59,35,737
<b>More than Six Months</b>					
- Unsecured Considered Good	11,05,540	40,37,415	7,88,329	2,41,833	1,18,781
Less: Provision for doubtful trade receivables	-	-	-	-	-



Particulars	As At				
	31.12.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Receivable from promoters/promoters group/directors/related parties</b>					
<b>Less than Six Months</b>					
- Unsecured Considered Good		-	1,43,509	38,459	48,352
<b>More than Six Months</b>					
- Unsecured Considered Good	1,43,509	1,43,509	-	-	-
Less: Provision for doubtful trade receivables		-	-	-	-
<b>Total</b>	<b>63,32,919</b>	<b>128,19,130</b>	<b>54,08,486</b>	<b>57,92,116</b>	<b>61,02,870</b>

**Annexure – VI**
**STATEMENT OF PROVISIONS AS RESTATED (In Rupees)**

Particulars	As At									
	31.03.2015		31.03.2014		31.03.2013		31.03.2012		31.03.2011	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
<b>(a) Provision for employee benefits:</b>										
Provision for bonus	-	-	-	-	-	-	-	-	-	-
Provision for gratuity (net)	-	-	-	-	-	-	-	-	-	-
<b>(b) Provision - Others:</b>										
Provision for Tax	5,91,933	-	1,67,955	-	2,80,838	-	3,59,700	-	4,63,576	-
Provision for ROC Fees	1,800	-	1,800	-	-	-	-	-	-	-
Provision for tax on proposed dividends	-	-	-	-	-	-	-	-	-	-
Provision for FBT	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,93,733</b>	<b>-</b>	<b>1,69,755</b>	<b>-</b>	<b>2,80,838</b>	<b>-</b>	<b>3,59,700</b>	<b>-</b>	<b>4,63,576</b>	<b>-</b>

**Annexure – VII**
**STATEMENT OF LOANS & ADVANCES AS RESTATED (in Rupees)**

Particulars	As At									
	31.03.2015		31.03.2014		31.03.2013		31.03.2012		31.03.2011	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
(a) Capital advances	-	-	-	-	-	-	-	-	-	-
(b) Security deposits	-	-	-	-	-	-	-	-	-	-
(c) Loans and advances to related parties	-	-	-	-	-	-	-	-	-	-
(d) Loans and advances to employees	-	-	-	-	-	-	-	-	-	-
(e) Prepaid expenses - Unsecured, considered good	-	-	-	-	-	-	-	-	-	-
(f) Advance Income Tax /FBT	4,00,000		2,00,000		2,00,000		3,50,000		1,40,000	
(g) MAT credit entitlement	-	-	-	-	-	-	-	-	-	-
(h) Balances with government authorities										
(i) Income Tax	1,72,597	-	-	-	-	-				
(i) Inter-corporate deposits	-	-	-	-	-	-	-	-	-	-
(j) Other loans and advances (specify nature)	-	-	-	-	-	-	-	-	-	-
Unsecured, considered good	1,00,773		5,12,000	-	-	-	-	-	-	-
<b>Total</b>	<b>6,73,370</b>		<b>7,12,000</b>	-	<b>2,00,000</b>	-	<b>3,50,000</b>	-	<b>1,40,000</b>	-





## Annexure – VIII

**STATEMENT OF OTHER NON-CURRENT ASSETS AND OTHER CURRENT ASSETS AS  
RESTATED (In Rupees)**

Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>OTHER NON-CURRENT ASSETS</b>					
<b>Deposits</b>					
Deposits - Sales Tax	5,000	5,000	5,000	5,000	5,000
Deposits - Excise A/c	-	-	-	29,600	29,600
Electricity – Silvassa	43,650	43,650	43,650	5,150	5,150
Fixed Deposit to VAT & Sales Tax Authorities	29,089	26,687	-	-	-
M.S.E.B.	975	975	975	975	975
M.T.N.L.Telephone	6,000	6,000	6,000	6,000	6,000
RIL Telephone Deposit	1,800	1,800	1,800	1,800	1,800
<b>Sub-Total(i)</b>	<b>86,514</b>	<b>84,112</b>	<b>57,425</b>	<b>48,525</b>	<b>48,525</b>
<b>OTHER CURRENT ASSETS</b>					
Prepaid Expenses	19,201	-	-	-	-
			-	-	-
<b>Sub-Total(ii)</b>	<b>19,201</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (i+ ii)</b>	<b>1,05,715</b>	<b>84,112</b>	<b>57,425</b>	<b>48,525</b>	<b>48,525</b>

## Annexure – IX

**STATEMENT OF OTHER CURRENT LIABILITIES AND OTHER LONG TERM LIABILITIES AS  
RESTATED (In Rupees)**

Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>OTHER CURRENT LIABILITIES</b>					
Unpaid dividends	-	-	-	-	-
Other payables					
(i) Statutory remittances	64,184	40,656	-	41,753	15,956
(ii) Advances from customers		-	-	1,34,739	-
(iii) Others (specify nature)					
Outstanding Expenses	4,76,615	2,99,407	-	1,122	561
<b>Sub-Total(i)</b>	<b>5,40,799</b>	<b>3,40,063</b>	<b>-</b>	<b>1,77,614</b>	<b>16,517</b>
<b>OTHER LONG TERM LIABILITIES</b>					
Deferred Tax Liability	17,944	9,871	54,954	33,657	1,104
<b>Sub-Total(ii)</b>	<b>17,944</b>	<b>9,871</b>	<b>54,954</b>	<b>33,657</b>	<b>1,104</b>
<b>Total (i+ ii)</b>	<b>5,58,743</b>	<b>3,49,934</b>	<b>54,954</b>	<b>2,11,271</b>	<b>17,621</b>



## Annexure – X

## STATEMENT OF SHORT TERM BORROWINGS AS RESTATED (In Rupees)

Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Secured</b>					
(a) Loans repayable on demand					
From banks	-	-	-	-	-
<b>Unsecured</b>					
(a) Loans repayable on demand					
From Banks	-	-	-	-	-
(b) Loans and advances from related parties					
From directors / promoters	-	-	-	-	-
From relatives of directors /promoters	-	9,50,000	1,25,000	1,04,900	-
<b>Total</b>	-	<b>9,50,000</b>	<b>1,25,000</b>	<b>1,04,900</b>	-

## Annexure - XI

## STATEMENT OF LONG TERM BORROWINGS AS RESTATED (In Rupees)

Particulars	As At									
	31.03.2015		31.03.2014		31.03.2013		31.03.2012		31.03.2011	
	Non-curre nt portio n	Curre nt matur ities	Non-curre nt portio n	Curre nt matur ities	Non-curre nt portio n	Curre nt matur ities	Non-curre nt portio n	Curre nt matur ities	Non-curre nt portio n	Curre nt matur ities
<b>Secured</b>										
(a) Term loans										
<i>From banks</i>	-	-	-	-	-	-	-	-	-	-
(b) Loans and advances from related parties										
From directors / promoters	-	-	-	-	-	-	-	-	-	-
From relatives of directors / promoters	-	-	-	-	-	-	-	-	-	-
<b>Unsecured</b>										
(a) Loans and advances from related parties										
From directors / promoters	-	-	-	-	-	-	-	-	-	-
(b) Other loans and advances (specify nature)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-
<i>From the above</i>										
Amount disclosed under the head "other current liabilities"	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-

**Annexure – XII**
**STATEMENT OF REVENUE FROM OPERATIONS AS RESTATED (In Rupees)**

Particulars	Year Ended				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Sale of products</b>					
Manufactured goods	420,10,581	336,76,815	359,11,429	427,25,324	312,42,496
Traded goods	-	-	-	-	-
Sale of services	-	-	-	-	-
Gross Revenue	420,10,581	336,76,815	359,11,429	427,25,324	312,42,496
<u>Less:</u>					
Excise duty	-	-	-	-	-
<b>Total</b>	<b>420,10,581</b>	<b>336,76,815</b>	<b>359,11,429</b>	<b>427,25,324</b>	<b>312,42,496</b>

**Annexure – XIII**
**STATEMENT OF OTHER INCOME AS RESTATED (In Rupees)**

Particulars	Nature of Income (Recurring/ Non-Recurring)	Year Ended				
		31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Interest- from bank	Recurring	2,19,624	1,687	-	-	-
Discount Received	Recurring	33,646	18,991	32,193	32,911	47,776
Write off of balances	Non-Recurring	-	-	-	-	-
Income Tax Refund	Non-Recurring	-	-	-	-	-
<b>Total</b>		<b>2,53,270</b>	<b>20,678</b>	<b>32,193</b>	<b>32,911</b>	<b>47,776</b>
<b>Net Profit before tax as restated</b>		<b>17,77,078</b>	<b>2,85,625</b>	<b>9,66,532</b>	<b>12,69,663</b>	<b>11,17,521</b>
<b>% of net Profit before tax as restated</b>		<b>14.25%</b>	<b>7.24%</b>	<b>3.33%</b>	<b>2.59%</b>	<b>4.28%</b>

**Annexure – XIV**
**STATEMENT OF CONTINGENT LIABILITIES AS RESTATED (In Rupees)**

Particulars	As s At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
	NIL				

**Annexure – XV**
**SUMMARY OF ACCOUNTING RATIOS BASED ON RESTATED FINANCIAL STATEMENTS**

Particulars		As At				
		31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Net Profit after tax as restated	A	11,92,326	1,81,603	6,63,514	8,76,526	6,52,207
Number of equity shares outstanding at end of the year*	B	13,60,000	13,60,000	2,87,886	2,40,727	1,95,842
Weighted Average number of equity shares Outstanding during the year / period considered for Basic EPS**	C	13,60,000	7,58,973	2,64,306	2,18,285	1,78,442
Weighted Average number of equity shares Outstanding during the year / period considered for Diluted EPS #	D	13,60,000	7,58,973	5,03,383	3,91,010	2,63,515
Net Worth	E	158,36,667	152,75,638	52,69,627	41,34,518	28,09,148
<b>Earning Per Share (EPS)</b>						
Basic EPS (Rs.)	(A/C)	0.88	0.24	2.51	4.02	3.66
Diluted EPS (Rs.)	(A/D)	0.88	0.24	1.32	2.24	2.48
<b>Return on Net Worth (%)</b>	(A/E)	<b>7.53</b>	<b>1.19</b>	<b>12.59</b>	<b>21.20</b>	<b>23.22</b>
<b>Net Asset Value per Equity Share (Rs.)</b>	(E/B)	<b>11.64</b>	<b>11.23</b>	<b>18.30</b>	<b>17.18</b>	<b>14.34</b>

\* The equity shares outstanding for the year 2010-11 to 2012-13 has been calculated as closing capital of the partners.

\*\* The weighted average number of shares for the year 2010-11 to 2012-13 has been calculated as the average of the Opening capital and closing capital of the partners.

# Please refer to the point number 15 of Notes to Account for the calculation of the Weighted Average Number of Shares and Diluted Weighted Average Number of Shares.

The Ratio has been computed as below:	
(a) Earnings Per Share (Rs.)	$\frac{\text{Net Profit after Tax as restated}}{\text{Weighted Average number of Equity shares outstanding during the year}}$
(b) Return On Net Worth (%)	$\frac{\text{Net Profit after Tax as restated}}{\text{Net Worth as restated}}$
(c) Net Asset Value per Share (Rs.)	$\frac{\text{Net Worth as restated}}{\text{Number of Equity shares outstanding at end of the year}}$

**Annexure – XVI**
**CAPITALISATION STATEMENT AS RESTATED AT MARCH 31, 2015 (In Rs.)**

Particulars	Pre-Issue	Post-Issue
	As on Dec 31, 2015	
<b>Borrowings</b>		
Short Term Debt		-
Long Term Debt		-
<b>Total Debt</b>		-
<b>Shareholders' Fund</b>		
Capital		
- Equity	136,00,000	263,20,000
- Preference		
Reserves & Surplus	22,36,667	1,24,12,667
<b>Total Shareholders' Funds</b>	15,836,667	3,87,32,667
<b>Long Term Debt / Equity Ratio</b>	-	-

**Annexure – XVII**
**STATEMENT OF TAX SHELTERS AS RESTATED (In Rs.)**

Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Profit before Tax but after extraordinary and exceptional items as restated (a)</b>	17,77,078	2,85,625	9,66,532	12,69,663	11,17,521
Tax Rate					
Tax at Notional Rate on Profit	30.90%	30.90%	30.90%	30.90%	30.90%
<b>Adjustments :</b>					
<b>Permanent Differnces (b) :</b>					
Income Tax Refund	-	-	-	-	-
Interest on Delay Payment of Statutory Dues	22,593	30	-	-	-
Donation	25,000				
Sales Tax Penalty		8,039	-	-	-
<b>Total of Parmanent Differnce (b)</b>	47,593	8,069	-	-	-
<b>Timing Differnces (c) :</b>					
On Account of Depreciation	(77,247)	4,864	(68,920)	(1,05,351)	(5,610)
<b>On Account of Premilinary Expenses</b>	(51,120)	2,04,479			
<b>Total of Timing Differnce (c)</b>	(1,28,367)	2,09,343	(68,920)	(1,05,351)	(5,610)
<b>Net Adjustments (d) (b + c)</b>	(80,774)	2,17,412	(68,920)	(1,05,351)	(5,610)
<b>Profit/(loss) as per Income Tax returns filled/tobe filled (e)= (a-d)</b>	16,96,303	5,03,038	8,97,612	11,64,312	11,11,911
Brought forward losses adjusted (f)		-	-	-	-
<b>Taxable Income/(loss) (e+f)</b>	16,96,303	5,03,038	8,97,612	11,64,312	11,11,911
Taxable Income/(loss) as per MAT		-	-	-	-
<b>Tax as per Income tax as returned</b>	5,67,931	1,55,440	2,77,361	3,59,773	4,36,280





Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>filled/to be file</b>					
Interest u/s 234	24,894	13,407	4,361	811	22,840
<b>Total Tax as per return</b>	5,92,825	1,68,847	2,81,722	3,60,584	4,59,120
Carry forward business loss		-	-	-	-
Carry forward depreciation loss		-	-	-	-
<b>Total carry forward loss as per return of the year</b>		-	-	-	-

## Annexure – XVIII

## STATEMENT OF INVESTMENTS AS RESTATED (In Rupees)

Particulars	As At									
	31.03.2015		31.03.2014		31.03.2013		31.03.2012		31.03.2011	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
<b>NON-CURRENT INVESTMENTS</b>										
<b>A. Trade Investments</b>	-	-	-	-	-	-	-	-	-	-
<b>B. Other Investments</b>										
<i>Investment in equity instruments</i>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-
<b>Aggregate amount of unquoted investments</b>	-	-	-	-	-	-	-	-	-	-
<b>CURRENT INVESTMENTS</b>										
<b>A. Current portion of long-term investments</b>	-	-	-	-	-	-	-	-	-	-
<b>Total (i)</b>	-	-	-	-	-	-	-	-	-	-
<b>B. Other current investments</b>										
<b>Total (ii)</b>	-	-	-	-	-	-	-	-	-	-
<b>Total (i+ii)</b>	-	-	-	-	-	-	-	-	-	-
Aggregate provision for diminution (write down) in the value of other current investments	-	-	-	-	-	-	-	-	-	-

**Annexure – XIX**
**DETAILS OF RELATED PARTY TRANSACTIONS AS RESTATED (In Rupees)**
**List of Related Parties, as disclosed by management :-**

<b>Particulars</b>		<b>Relationship</b>
<b>Key Managerial Persons and their Relatives</b>		
1	Mahesh Mehta	Promoter –MD
2	Santosh Bhikaji Sawant	Independent Director
3	Kamlesh Mansinh Kapadia	Independent Director
4	Megha Pranav Chandawalla	Non Executive Director
5	Chintan.M.Mehta	CFO
6	Mahesh.I.Mehta HUF	HUF of promoter
7	Daksha.M.Mehta	Wife of promoter
8	Jatin.Khantilal Shah	Brother of wife of promoter
<b>Associate Concerns</b>		
1	Knowell enterprises Pvt Ltd	Promoter is director
2	MNM Composites Pvt Ltd	Promoter is director
3	Knowell Converter	Proprietor concern of Daksha Mehta
4	Knowell Graphics	Proprietor concern of Daksha Mehta

**Outstanding Balance as the end of**

<b>Particulars</b>	<b>Year Ended</b>				
	<b>31.03.2015</b>	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
<b>a. Shareholders having substantial interest</b>					
Mahesh Mehta Huf-LoanTaken	-	-	1,04,900	1,04,900	-
Mahesh Mehta – Director Remuneration Payable	1,28,803				
<b>b. Key Managerial Personnel</b>	-	-	-	-	-
<b>c. Associate Concerns</b>					
MNM Composites Pvt Ltd-Debit	1,43,509	1,43,509	1,43,509	38,459	48,352
Knowell Corporation (Prop. Mahesh Mehta)-Credit/(Debit)	37,39,234	(47,88,420)	62,16,815	(1,25,665)	(8,77,474)
<b>d. Relatives of Promoters/Directors/KMPs</b>					
Megha Chandwala - Loan taken	-	9,50,000	1,25,000	-	-
Chintan Mehta	33,671	-	-	-	-
Daksha Mehta – Rent Payable	2,91,227	-	-	-	-
Jatin Shah	50,773	-	-	-	-
<b>e. Enterprises Owned or controlled by Key Management Personnel or their relatives</b>					
Knowell Converter	-	-	-	-	2,29,421
Knowell Graphics	-	-	-	5,90,136	23,90,136

Transaction with related parties	Nature of Transaction	Year/Period Ended				
		31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>a. Shareholders having substantial interest</b>						
<b>Maresh Mehta</b>	Salary	6,00,000				
<b>Maresh Mehta HUF</b>	Loan received				1,00,000	
	Interest on loan				4,900	
<b>Daksha Mehta ( wife of Maresh Mehta)</b>	Remuneration				1,80,000	1,80,000
	Rent			1,20,000		
<b>Jatin Shah (brother of wife of promoter, Mr. Maresh Mehta)</b>	Remuneration			-	1,20,000	1,20,000
<b>b. Key Managerial Personnel &amp; Their Relatives</b>						
<b>c. Associate Concerns</b>						
Mnm Composites Pvt Ltd	Sales					
	Purchase	10,904				
Knowell Enterprises Pvt Ltd	Sales					11,79,798
Knowell Corporation (prop. Maresh Mehta)	Sales	125,28,650	89,44,903	137,56,160	175,98,069	106,27,741
	Purchase	325,59,254	195,05,282	273,25,557		
	Expenses	29,650				
Knowell Converter	Advance Received	50,000	1,24,000			
Knowell Converter	Advance Repayment	1,74,000				
<b>d. Relatives of Promoters/Directors/KMPs</b>						
Megha Chandawala	Loan Taken		8,25,000	2,00,000	-	-
	Loan Repaid	9,50,000	-	75,000	-	-
Chintan Mehta	Salary	33,871				
Daksha Mehta	Rent	3,60,000				

<b>e. Enterprises Owned or controlled by Key Management Personnel or their relatives</b>						
Knowell Converter(Prop. Of Daksha Mehta)	Rent paid		2,16,000	-	2,16,000	2,16,000
	Electricity Payment					35,021
Harris & Co.	Rent paid	45,000				
Knowell Graphics(prop .of Daksha Mehta)	Sales					23,90,136

**Annexure – XX**
**STATEMENT OF DIVIDEND DECLARED AS RESTATED (In Rupees)**

Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Equity Dividend</b>					
Equity Share Capital	-	-	-	-	-
Rate of Dividend	-	-	-	-	-
Amount of Dividend	-	-	-	-	-
<b>Preference Dividend</b>					
Preference Share Capital	-	-	-	-	-
Rate of Dividend	-	-	-	-	-
Amount of Dividend	-	-	-	-	-
<b>Tax on dividend</b>	-	-	-	-	-

**Annexure – XXI**
**STATEMENT OF SEGMENT REPORTING AS RESTATED (In Rupees)**

Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>Segment</b>	NA	NA	NA	NA	NA

**Annexure – XXII**
**STATEMENT OF RESERVES AND SURPLUS AS RESTATED (In Rupees)**

Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
<b>(a) Capital reserve</b>	-	-	-	-	-
<b>(b) Capital redemption reserve</b>	-	-	-	-	-
<b>(c) Securities premium account</b>					
Opening balance	16,00,000	-	-	-	-
Add : Premium on shares issued during the year	-	16,00,000	-	-	-
Less : Utilised during the year for:	-	-	-	-	-
IPO Expenses	6,31,297	-	-	-	-
<b>Closing balance</b>	<b>9,68,703</b>	<b>16,00,000</b>	-	-	-
<b>(d) Revaluation reserve</b>	-	-	-	-	-
<b>(e) General reserve</b>	-	-	-	-	-
<b>(f) Surplus / (Deficit) in Statement of Profit and Loss</b>					
Opening balance	75,637	23,90,764	17,27,250	8,50,724	1,98,517
Add: Profit / (Loss) for the year	11,92,326	1,81,603	6,63,514	8,76,526	6,52,207
Less:					



Particulars	As At				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
General reserve					
Capitalisation of Profits- Issue of Shares Chapter IX	-	24,96,730	-	-	-
Closing balance	12,67,963	75,637	23,90,764	17,27,250	8,50,724
Any others (give details)					
<b>Total</b>	<b>22,36,666</b>	<b>16,57,637</b>	<b>23,90,764</b>	<b>17,27,250</b>	<b>8,50,724</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements, including the notes thereto, and other financial data in Chapter titled "Financial Statements" beginning on page 125 of the Prospectus. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" beginning on pages 12 and 11, respectively, of the Prospectus which discuss a number of factors and contingencies that could impact our financial condition and results of operations.*

*The following discussion is based on our restated financial statements as of and fiscal years ended March 31, 2015, 2014, 2013, 2012 and 2011. Our audited financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act and restated in accordance with the relevant provisions of the SEBI Regulations and the Companies Act. Our fiscal year ends on March 31 of each year. Unless otherwise stated, "fiscal year" or "fiscal" refers to the twelve month period ending March 31 of that year.*

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Basis of preparation of Financial Statements:**

- (a) These financial statements are restated and have been prepared to comply with all material respect with all the applicable Accounting Standards notified under section 211 (3C) of the Companies Act, 1956 and read with general circular 15/2013 dated 13<sup>th</sup> 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 and Companies Act, 2013.
- (b) The financial statements are prepared under the historical cost convention and on the accounting principles of going concern. The Company follows the accrual system of accounting where income & expenditure are recognized on accrual basis.
- (c) Accounting policies not specifically referred to are consistent and in consonance with generally accepted accounting policies.

#### **2. Use of Estimates:**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. The difference between the actual results and estimates are recognized in the period in which the results are known / materialized

#### **3. Fixed Assets:**

Fixed assets are stated at cost inclusive of CENVAT/VAT, less accumulated depreciation and impairment loss, if any. All Costs including any cost attributable in bringing the assets to their working condition for their intended use is capitalized.

#### **4. Depreciation:**

Depreciation on fixed assets is provided on Written Down Value (WDV) method at the rate and manner prescribed in schedule XIV of the Companies Act, 1956 up to the period ending on 31/03/2014.

For the period 01/04/2014 to 31/03/2015, the depreciation on fixed assets is provided as per the manner prescribed in, Part C, Schedule II of the Companies Act, 2013. The details of useful life of an asset and its residual value estimated by the management are as follows:-



Type of the Asset	Useful Life
Office Equipments	15
Machinery & Tools	15
Furniture & Fixtures	10
Computer	3

\*In none of the case the residual value of an asset is more than five per cent of the original cost of the asset

## **5. Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## **6. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or the rate approximates the actual rate at the date of the transaction.

At the year end, monetary items denominated in foreign currencies other than those covered by forward contracts are converted into rupee equivalents at the year-end exchange rates. In case of items which are covered by forward exchange contracts, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference and the premium paid on the forward contracts is recognized over the life of contract.

All income or expenses on account of exchange differences either on settlement or on transaction is recognized on settlement/conversion of foreign currency transactions are recognized in the Profit and Loss Account.

## **7. Valuation of Investments:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Current Investments are carried at the lower of cost or quoted / fair value computed scrip wise, Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary.

## **8. Valuation of Inventories:**

Cost is determined by considering the expenses which are directly attributable to the field related activities excluding fixed expenses if any. Market price is arrived at the amount which the company charges to the client as per the terms of the contract.

Closing Stock is valued at the cost or the Net realizable value whichever is lower. Cost includes cost of purchase and other expenses incurred in bringing them to their respective present location and condition.

## **9. Revenue Recognition:**

Sale of goods is recognized on transfer of significant risks and rewards associated with ownership, which is generally on the dispatch of goods to customers, inclusive of excise duty and net of VAT & trade/ volume Discount.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

## **10. Employee Benefits**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

Post-employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Profit and Loss account.

## **11. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition / construction of qualifying assets of (net of income earned on temporary deployment of funds) are capitalized as part of the cost of such fixed assets up to the date when such assets are ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

## **12. Provision for Current Tax & Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred tax resulting from the timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in the future.

## **13. Contingent Liabilities / Provisions:**

The company creates a provision when there is a present obligation result of the past events that probably requires an outflow of resources and reliable estimates that can be made of the amount of obligation.

A disclosure of the Contingent liability is made when there is possible obligation that may, but probably will not, require as outflow resources. Contingent are neither recognised or disclosed.

Provision is made in the accounts in respect of contingent liabilities which is likely to materialize into liabilities after the year end, till the finalization of accounts and which have material effect on the position stated in the Balance Sheet.

## **14. Government Grants**

Grants received against specific fixed assets are adjusted to the cost of the assets. The Grants which are revenue in nature are adjusted through Profit & Loss Accounts, under the head extraordinary items.

## **15. Earnings Per Share:**

Basic Earnings per share is computed by dividing the net profit for the year after prior period adjustments attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

During the Financial year 2010-11 to 2012-13 and for the period 01/04/2013 to 09/10/2013, the entity was a partnership firm and the total capital outstanding, other than the accumulated profit, was considered as an Issued

Share Capital at the Face Value of Rs. 10/- each (as the same was considered at the time of conversion. The details of the calculation of the weighted average number of shares are as under:-

Period	Opening No. Shares	Closing No. Shares	Weighted Average Number of Shares
2010-11	161042	195842	178442
2011-12	195842	240727	218285
2012-13	240727	287886	264306
2013-14	287886	1360000	758973
2014-15	1360000	1360000	1360000

In case of calculation of the Weighted Diluted Earnings Per Share, the profit which was transferred to capital account of the partners in the year 2008-09, 2009-10, 2010-11 and 2011-12 was considered as potential conversion to equity share. The details are as under:-

Since all accumulated profit during this period were converted into equity share, by way of capitalisation of reserve, termed equivalent to bonus, at the time of conversion of partnership firm to Company and transferring all the Assets and Liabilities to company in term of Chapter IX of Companies Act, 1956, the profit of the respective years has been considered as potential for converting into equity share for the purpose of calculation of Weighted Average Diluted Shares

Period	Weighted Average Number of Shares	Number of shares as per the Profit of the Year transferred to Partners Capital Account	Weighted Average Diluted Shares
2010-11	178442	85072	263515
2011-12	218285	172725	391010
2012-13	264306	239076	503383
2013-14	758973	-	758973
2014-15	1360000	-	1360000

### ***Business Overview***

Our Company H.K. Trade International Limited is into the business of manufacturing, converting and supplying of adhesive tapes and synthetic paper (teslin papers) from jumbo rolls of adhesive tapes and synthetic paper (teslin) respectively. Our Company operates as an important intermediary in the packing material supply chain, whereby we purchase materials such as tapes, labels, papers, etc., in the roll form which is further cut and repacked into smaller rolls. Our Company mainly purchases major raw material i.e. jumbo rolls of adhesive tapes and synthetic papers from M/s. Knowell Corporation (a proprietorship concern of our Promoter - Mr. Mahesh Mehta).

### **Products**

#### **A. Various types of Adhesive tapes**

- Masking Tape
- Filament Tape
- Duct Tape
- Double side Foam Tape
- Double side Tissue Tape
- Brown Paper Tape
- Aluminum Foil Tape
- Surface Protection Tape
- PVC Insulation Tapes
- Floor Marking Tapes
- Paper Tapes
- Double side Cloth Tapes



- Masker

B. Synthetic Papers (Teslin)

***Significant developments subsequent to the last financial year***

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last financial statements disclosed in the Prospectus, 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.

***Significant Factors Affecting Our Results of Operations***

Our business is subject to various risks and uncertainties, including those discussed in the section titled “*Risk Factors*” beginning on page 12 of the Prospectus.

Among various other factors that affect our financial results and operations for a given financial year, some key factors are as follows:

- Changes in laws and regulations that apply to the industry;
- Increasing competition in the industry;
- Company’s inability to successfully implement its growth and expansion plans;
- Related Party Transactions;
- General economic and business conditions.

### Overview of our Results of Operations

As a result of the various factors discussed above that affect our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the Fiscals 2015, 2014, 2013, 2012 and 2011 as derived from our restated financial statements:

Particulars	For the year ended March 31st,							
	2012	% of Total Income	2013	% of Total Income	2014	% of Total Income	2015	% of Total Income
<b>Incomes</b>								
Revenue from operations (Net)	42,725,324	99.92	35,911,429	99.91	33,676,815	99.94	42,010,581	99.40
Other Income	32,911	0.08	32,193	0.09	20,678	0.06	253,270	0.60
<b>Total Incomes (A)</b>	<b>42,758,235</b>	<b>100.00</b>	<b>35,943,621</b>	<b>100.00</b>	<b>33,697,493</b>	<b>100.00</b>	<b>42,263,851</b>	<b>100.00</b>
<b>Expenses</b>								
Cost of Goods Sold	39,502,266	92.39	32,734,833	91.07	30,586,795	90.77	37,002,762	87.55
Employee benefit expense	676,376	1.58	985,447	2.74	1,098,050	3.26	2,004,682	4.74
Financial Cost	7,078	0.02	3,559	0.01	7,315	0.02	113	0.00
Depreciation and amortization expense	158,769	0.37	267,747	0.74	306,595	0.91	353,085	0.84
Other expenses	1,144,082	2.68	985,504	2.74	1,413,113	4.19	1,126,131	2.66
<b>Total Expenses (B)</b>	<b>41,488,572</b>	<b>97.03</b>	<b>34,977,089</b>	<b>97.31</b>	<b>33,411,868</b>	<b>99.15</b>	<b>40,486,773</b>	<b>95.80</b>
<b>Profit before tax (A-B)</b>	<b>1,269,663</b>	<b>2.97</b>	<b>966,532</b>	<b>2.69</b>	<b>285,625</b>	<b>0.85</b>	<b>1,777,078</b>	<b>4.20</b>
Less: Tax expense	393,137	0.92	303,019	0.84	104,022	0.31	584,752	1.38
<b>Net Profit for the year</b>	<b>876,526</b>	<b>2.05</b>	<b>663,514</b>	<b>1.85</b>	<b>181,603</b>	<b>0.54</b>	<b>1,192,326</b>	<b>2.82</b>

### ***Description of Income Items***

#### **Income from operations**

Our income from operations consists of revenue from manufacturing / conversion of adhesive tapes and synthetic papers.

#### **Other Income**

Our Other income includes bank interest, discounts, etc.

### ***Description of Expenditure Items***

#### **Employee Benefits Expenses**

Our employee benefits cost primarily consists of salaries, wages, staff welfare expenses, director's / partners' remuneration.

#### **Cost of goods sold**

Our cost of materials consumed expenses include purchase of raw material, increase or decrease in inventories, products, difference in foreign exchange, purchase of packing material, etc,

#### **Financial Cost**

Our financial cost includes interest and charges.

#### **Depreciation**

Depreciation includes depreciation on machinery, office equipments, furniture, etc.

#### **Other Expenses**

Other expenses include administration expenses, office expenses, audit fees, rent, electricity, miscellaneous expenses, etc.

### ***Comparison of Fiscal 2015 with Fiscal 2014***

#### **Incomes**

##### **Income from operations**

Our income from operations increased by 24.75% from Rs. 3,36,76,815 in Fiscal 2014 to Rs. 4,20,10,581 in Fiscal 2015. The increase in operating revenue was mainly due to strong order book.

##### **Other Income**

Our other income constituted 0.06% of our total income for Fiscal 2014. It increased to Rs. 2,53,270 in Fiscal 2015 as there were higher interest and discounts received in Fiscal 2015 compared to Fiscal 2014.

#### ***Expenditure***

##### **Cost of goods sold**

Our cost of goods sold was 90.77% of our total income in Fiscal 2014. It increased by 20.98% to Rs. 3,70,02,762 in Fiscal 2015 from Rs. 3,05,86,795 in Fiscal 2014. Such increase was due to increase in turnover.

##### **Employee Benefits Expenses**

Our employee benefits expenses were 3.26% of our total income in Fiscal 2014. It increased by 82.57% to Rs. 20,04,682 in Fiscal 2015 from Rs. 10,98,050 in Fiscal 2014 due to increase in managerial remunerations.

#### **Financial Cost**

Our financial cost was 0.02% of our total income in Fiscal 2014. Such expense decreased by 98.46% to Rs. 113 in Fiscal 2015 from Rs. 7,315 in Fiscal 2014 due decrease in bank charges.

#### **Depreciation**

Our depreciation expenses increased by 15.16% from Rs. 3,06,595 in Fiscal 2014 to Rs. 3,53,085 in Fiscal 2015 .

#### **Other Expenses**

Our other expenses decreased by 20.31% from Rs. 14,13,113 in Fiscal 2014 to Rs. 11,26,131 in Fiscal 2015.

#### **Profit before tax**

Principally due to reasons described above, our profit before tax increased substantially by 522.17% from Rs. 2,85,625 in Fiscal year 2014 to Rs. 17,77,078 in Fiscal 2015.

#### **Net Profit after tax as Restated**

Principally due to reasons described above, our profit after tax increased substantially by 556.56% from Rs. 1,81,603 in Fiscal year 2014 to Rs. 11,92,326 in Fiscal 2015.

#### **Comparison of Fiscal 2014 with Fiscal 2013**

*Note: Our Company was incorporated in the year 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm).*

#### **Incomes**

##### **Income from operations**

Our income from operations decreased marginally by 6.22% from Rs. 3,59,11,429 in Fiscal 2013 to Rs. 3,36,76,815 in Fiscal 2014. The decrease in operating revenue was mainly due to slow growth in the industry.

##### **Other Income**

Our other income constituted 0.09% of our total income for Fiscal 2013. It decreased to Rs. 20,678 in Fiscal 2014 as there were lower discounts received in Fiscal 2014 compared to Fiscal 2013.

#### **Expenditure**

##### **Cost of goods sold**

Our cost of goods sold was 91.07% of our total income in Fiscal 2013. It reduced by 6.56% to Rs. 3,05,86,795 in Fiscal 2014 from Rs. 3,27,34,833 in Fiscal 2013. Such decrease was due to lower material cost.

##### **Employee Benefits Expenses**

Our employee benefits expenses were 2.74% of our total income in Fiscal 2013. It increased by 11.43% to Rs. 10,98,050 in Fiscal 2014 from Rs. 9,85,447 in Fiscal 2013.

#### **Financial Cost**

Our financial cost was 0.01% of our total income in Fiscal 2013. Such expense increased by 105.54% to Rs. 7,315 in Fiscal 2014 from Rs. 3,559 in Fiscal 2013 due to bank charges.

**Depreciation**

Our depreciation expenses increased by 14.51% from Rs. 2,67,747 in Fiscal 2013 to Rs. 3,06,595 in Fiscal 2014 .

**Other Expenses**

Our other expenses increased by 43.39% from Rs. 9,85,504 in Fiscal 2013 to Rs. 14,13,113 in Fiscal 2014.

**Profit before tax**

Principally due to reasons described above, our profit before tax decreased substantially by 70.45% from Rs. 9,66,532 in Fiscal year 2013 to Rs. 2,85,625 in Fiscal 2014.

**Net Profit after tax as Restated**

Principally due to reasons described above, our profit after tax decreased substantially by 72.63% from Rs. 6,63,514 in Fiscal year 2013 to Rs. 1,81,603 in Fiscal 2014.

**Comparison of Fiscal 2013 with Fiscal 2012**

*Note: Our Company was incorporated in the year 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm).*

**Incomes****Income from operations**

Our income from operations decreased by 15.95% from Rs. 4,27,25,321 in Fiscal 2012 to Rs. 3,59,11,429 in Fiscal 2013. The decrease in operating revenue was mainly due to sluggish industry growth.

**Other Income**

Our other income constituted 0.08% of our total income for Fiscal 2012. It decreased to Rs. 32,193 in Fiscal 2013 as there were lower discounts received in Fiscal 2013 compared to Fiscal 2012.

**Expenditure****Cost of goods sold**

Our cost of goods sold was 92.39% of our total income in Fiscal 2012. It reduced by 17.13% to Rs. 3,27,34,833 in Fiscal 2013 from Rs. 3,95,02,266 in Fiscal 2012. Such decrease was due to lower material cost.

**Employee Benefits Expenses**

Our employee benefits expenses were 1.58% of our total income in Fiscal 2012. It increased by 45.70% to Rs. 9,85,447 in Fiscal 2013 from Rs. 6,76,376 in Fiscal 2012.

**Financial Cost**

Our financial cost was 0.02% of our total income in Fiscal 2012. Such expense decreased by 49.72% to Rs. 3,559 in Fiscal 2013 from Rs. 7,078 in Fiscal 2012 mainly due to bank charges.

**Depreciation**

Our depreciation expenses increased by 68.64% from Rs. 1,58,769 in Fiscal 2012 to Rs. 2,67,747 in Fiscal 2013 .

**Other Expenses**

Our other expenses decreased by 13.86% from Rs. 11,44,082 in Fiscal 2012 to Rs. 9,85,504 in Fiscal 2013.

**Profit before tax**



Principally due to reasons described above, our profit before tax decreased substantially by 23.87% from Rs. 12,69,663 in Fiscal year 2012 to Rs. 9,66,532 in Fiscal 2013.

#### **Net Profit after tax as Restated**

Principally due to reasons described above, our profit after tax decreased substantially by 24.30% from Rs. 8,76,526 in Fiscal year 2012 to Rs. 6,63,514 in Fiscal 2013.

#### **OTHER MATTERS**

**1. Unusual or infrequent events or transactions.**

Except as described in the 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 chapters titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*”, beginning on pages 12 and 157 respectively of the Prospectus respectively, 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.

**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 chapter titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Result of Operations*”, beginning on pages 12 and 157 respectively of the Prospectus respectively 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.**

Other than as described in the chapter titled “*Risk Factors*” on page 12 of the Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

**5. The extent to which material increases in revenue or income from operations are due to increased volume, introduction of new products or services or increased prices.**

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

**6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is operating in adhesive tape industry. Relevant industry data, as available, has been included in the chapter titled “*Industry Overview*” beginning on page 70 of the Prospectus.

**7. Status of any publicly announced new products or business segments.**

Please refer to the chapter titled “*Business Overview*” beginning on page 79 of the Prospectus.

**8. The extent to which the business is seasonal.**

Our business is not seasonal in nature.

**9. Any significant dependence on a single or few suppliers or customers**

There is no dependence on a single or few customers. However, majority of supplies of raw materials come from our group entity – M/s. Knowell Corporation (proprietorship of Mr. Mahesh Mehta)

**10. Competitive Conditions**

Despite the fact that we are not affected by competition in the short-term, our results of operations could be affected by competition in the adhesive tapes industry / sector in India in the future. We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established unorganized companies / entities. This we believe may impact our financial condition and operations.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENT

There are no outstanding litigations, defaults etc. pertaining to matter likely to affect operations and finances of the Company including prosecution under any enactment in respect of Schedule V of the Companies Act, 2013 except as provided herein below. No disciplinary action/investigation has been taken by SEBI/ Stock Exchanges against the Company, its directors, promoter and their own business ventures.

Except as provided herein below there are no other outstanding litigations including statutory dues, civil/commercial disputes, patent disputes, etc. against the Company or any of the Directors, Promoter or Promoter Group Companies. Further, except as provided herein below no Criminal Proceedings have been launched against the Company or any of the Directors, Promoter or Group Companies/Entities for any of the offences under the enactment specified in Part 1 of Schedule V of the Companies Act, 2013.

Further, except as stated herein below, there are no past cases in which penalties have been imposed on our Company, the Promoters, the Directors or the Promoters Group Companies, and there is no outstanding litigation against any other Company whose outcome could have a material adverse effect on the position of our Company. Further, except as disclosed in this chapter, there are no cases of litigations, defaults etc. in respect of Companies/firms/Ventures with which the Promoter was associated in the past but are no longer associated, in respect of which the name of the Promoter continues to be associated.

Further, apart from those as stated below, there are no show-cause notices / claims served on our Company, our Promoter, our Directors or Group Companies/Entities from any statutory authority / revenue authority that would have a material adverse effect on our business. The Company has not defaulted in any economic dues, Bank dues, institutional dues and any dues to instrument holders of Debentures.

#### PART 1: CONTINGENT LIABILITIES OF OUR COMPANY

NIL

*For more information, regarding our contingent liabilities, please refer “ANNEXURE XIV” on page 146 of the chapter titled “Financial Statements” beginning on page 125 of the Prospectus.*

#### PART 2: LITIGATION RELATING TO OUR COMPANY

##### A. LITIGATION FILED AGAINST OUR COMPANY

###### 1. Litigation Involving Civil Laws:

NIL

###### 2. Litigation Involving Criminal Laws:

NIL

###### 3. Litigation involving Securities and Economic Laws:

NIL

###### 4. Litigation involving Statutory Laws:

Our Director Mr. Santosh Bhikaji Sawant had electronically applied for Directors Identification Number (DIN) in year 2013 by filing eForm DIN-1, however due to some technical error which arose while doing so, our Director had to submit the said eform second time on the same day, which led into approval of two DIN numbers viz. 6695211 and 6695168 in our Directors' name about which our Director was unaware of and believed of having only one DIN number i.e. 6695211. To utter surprise, our Director was served with a Show Cause Notice dated April 20, 2015 (hereafter “SCN”) issued by the Asst./Joint Director of Ministry of Corporate Affairs, Noida, under section 266 G of the Companies Act, 1956 (hereafter referred to as “said Act”) alleging violation of section 266 C of the said Act for obtaining multiple DIN and called upon our Director to show cause as to why an action under 266 G of the said Act be not taken and also advised our Director to apply for compounding of offence and to submit an eForm RD-1 to surrender the duplicate



DIN. Hence, as advised in the SCN, our Director has submitted an eForm RD-1 and surrendered the duplicate DIN No. 6695168 by making a payment of Rs.10,000/- to Ministry of Corporate Affairs, Noida on May 19, 2015. However, our Director is yet to apply for compounding of the offence under the said Act.

**5. Litigation involving Labour Laws:**  
NIL

**6. Litigation involving Taxation:**  
NIL

**B. LITIGATION FILED BY OUR COMPANY**

**1. Litigation involving Civil Laws:**  
NIL

**2. Litigation Involving Criminal Laws:**  
NIL

**3. Litigation Involving Securities and Economic Laws:**  
NIL

**4. Litigation Involving Statutory Laws:**  
NIL

**5. Litigation Involving Labour Laws:**  
NIL

**6. Litigation Involving Taxation:**  
NIL

**C. PAST PENALTIES**  
NIL

**PART 3: LITIGATION RELATING TO OUR SUBSIDIARIES**

As on the date of this Prospectus the Company does not have any subsidiaries.

**PART 4: LITIGATION RELATING TO OUR DIRECTORS (OTHER THAN OUR PROMOTER)**

**A. LITIGATION AGAINST OUR DIRECTORS**

**1. Litigation involving Civil Laws:**  
NIL

**2. Litigation Involving Criminal Laws:**  
NIL

**3. Litigation Involving Securities and Economic Laws:**  
NIL

**4. Litigation Involving Statutory Laws:**  
NIL

**5. Litigation Involving Labour Laws:**  
NIL

**6. Litigation Involving Taxation:**  
NIL

**B. LITIGATION FILED BY OUR DIRECTORS**

1. **Litigation involving Civil Laws:**  
NIL
2. **Litigation Involving Criminal Laws:**  
NIL
3. **Litigation Involving Securities and Economic Laws:**  
NIL
4. **Litigation Involving Statutory Laws:**  
NIL
5. **Litigation Involving Labour Laws:**  
NIL
6. **Litigation Involving Taxation:**  
NIL
- C. **PAST PENALTIES**  
NIL

## **PART 5: LITIGATION RELATING TO OUR PROMOTER**

### **A. LITIGATION AGAINST OUR PROMOTER**

1. **Litigation involving Civil Laws:**

#### **Recovery Proceedings before Mumbai Debt Recovery Tribunal**

Our Promoter Mr. Mahesh Mehta was one of the Directors in a Company known as Liberty Silk Mills Private Limited (wherein Mr. Hemant I. Mehta and Mrs. Prabhavati Mehta were also Directors) and a Partner in Partnership firms namely Liberty Textiles (wherein Mr. Ashish Desai was also a Partner) and New Lotus Silk Mills (wherein Mahesh Mehta (HUF) and Mrs. Daksha M. Mehta were also the Partners). The said Company and Partnership firms including other related entities viz. Mrs. Daksha M. Mehta, Mr. Hemant Mehta, Mr. Rajiv Gupta, Ms. Leena Mehta, Ms. Shruti Mehta, Ms. Vyoma Mehta, Ms. Vandana Mehta, Mr. Hemant Mehta, Liberty International, Kishorekumar & Sons (hereinafter collectively "the Liberty Group") were having accounts with Bank of Karad Ltd. and in their accounts from time to time they obtained financial facilities by way of Cash Credit Limits, Term Loans and Bill Discounting Limits from Bank of Karad Ltd. which were extended from time to time and executed security documents in favour of Bank of Karad Ltd.

Since 1991 due to various financial and business problems, the Liberty group faced financial difficulties and this resulted into losses and stoppage of work. As a result, the group faced difficulties in repaying the bank dues, which were over Rs.75 Lakhs approximately as per ledger (excluding interest). Therefore, the Liberty group requested Bank of Karad Ltd. on several occasions to permit them to pay only the principal amount out of total bank dues and waive interest. However, while negotiations were on, in year 1992 Bank of Karad Ltd. went into liquidation and was wound up by order dated July 20, 1994 of Bombay High Court passed in Company Petition No.229 of 1992 filed by the Reserve Bank of India and affairs were taken over by Provisional Liquidator. Subsequently, pursuant to order dated April 6, 1994 passed by Bombay High Court in Appeal No.15 of 1994 in Company Petition 496 of 1993, all specified assets and liabilities of Bank of Karad Ltd. were purchased and taken over by Bank of India on September 20, 1993 from the Provisional Liquidator and as per a Deed of Assignment dated September 22, 1994 the Provisional Liquidator assigned his all right to Bank of India who became entitled to recover the amounts due and payable to Bank of Karad Ltd. Thereafter and since 1994 the said Liberty Group has been requesting Bank of India to arrive at a settlement. However, pursuant to said assignment of rights, Bank of India issued Legal Notices against some entities and subsequently had also filed Recovery Applications before the Mumbai Debt Recovery Tribunal (DRT) viz. Original Application No.1110 of 2000 against a Liberty group entity New Lotus Silk Mills and their Partners wherein our Promoter Mr. Mahesh Mehta has been arraigned as a Partner. During pendency of the said Application, the said Liberty Group vide letter February 11, 1999 proposed a

settlement offer and requested Bank of India to settle the bank dues by paying Rs.75 Lakh in total. In response to the said request, Bank of India vide letter dated November 15, 1999 sent a counter offer of Rs.100 Lakh for full and final settlement, out of which 20 Lakh was the compromise amount and Rs.80 Lakh being balance amount payable in 4 years in quarterly installment which contained interest at 12% and collateral securities of Rs.10 Lakh. The said counter offer was accepted by Liberty Group vide letter dated December 1, 1999 and accordingly by September, 2005 it made the payment of the entire compromise amount of Rs.100 Lakh which was confirmed by the Bank of India vide letter dated October 19, 2005.

However, vide said letter, the Bank of India required the Liberty group to pay Rs. 25,50,502/- towards interest amounts as per agreed terms of compromise (i.e. interest at prime lending rate plus tax on Rs.80 Lakhs on reducing balance from December 18, 1999 till final payment i.e. September 20, 2005). As no payments were made by Liberty group, once again Bank of India vide letter dated August 17, 2006 demanded said due interest amount which worked out to Rs. 28,13,955/-. In response to the said demand, Liberty group vide letters dated November 10, 2006 requested Bank of India to waive of the said interest amount and in response to the same the Bank of India vide letter dated November 23, 2006 stated that they cannot consider the said request at this stage and requested Liberty group to pay the said interest amount. The Liberty group once again vide letter dated January 22, 2007 requested Bank of India to waive the interest amount and also had several meetings from time to time in this regard and had also requested Bank of India to issue a No due certificate after waiving the said interest amount. Thereafter, there has been no development of Bank of India till date.

During the period when payment were being made by Liberty group to Bank of India under the compromise, on and around September 2002, our Promoter was served with a Demand Notice issued by Recovery officer of DRT in Recovery Proceeding No. 242 of 2002 filed by Bank of India on the basis of recovery certificate issued in the aforesaid Original Application for and amount of Rs. 51,91,270/-. However, there was no development in the said Recovery Proceeding, except payments being made by Liberty group under compromise to Bank of India.

On an around August 2013, the said liberty group entity New Lotus Silk Mills and its partners Mrs. Daksha Mehta, Mahesh I. Mehta (HUF) and our Promoter Mr. Mahesh Mehta were served with a Notice dated July 23, 2013 issued by the Registrar of DRT in the said Recovery Proceeding No.242 of 2002 informing that Bank of India has requested to take up the matter for settlement before Lok Adalat to be held on August 31, 2013 and required our Promoter to attend the same. They did so, however, Bank of India stopped attending the said Recovery proceeding before DRT, on November 22, 2013 New Lotus Silk Mills filed a Miscellaneous Application disclosing payment of entire due amount as per the compromise amount set out in the said counter offer letter dated November 15, 1999 of Bank of India and requested the DRT to direct Bank of India to issue a No due certificate. The said Miscellaneous Application along with Recovery Proceeding filed against our Promoter by Bank of India is pending for hearing and disposal before the DRT.

**2. Litigation Involving Criminal Laws:**  
NIL

**3. Litigation Involving Securities and Economic Laws:**  
NIL

**4. Litigation Involving Statutory Laws:**  
NIL

**5. Litigation Involving Labour Laws:**  
NIL

**6. Litigation Involving Taxation:**  
NIL

## **B. LITIGATION FILED BY OUR PROMOTERS**

**1. Litigation involving Civil Laws:**

Our Promoter Mr. Mahesh Mehta is the owner of Flat No.7 in Shyam Sundar Co-operative Housing Society Limited, Marine Drive, Mumbai (hereinafter “said Society”) and holds a Share certificate with respect to same issued by the said Society in year 2005 and have been residing therein since 2004. However, the said Society has not yet allotted a car parking space to our Promoter inspite of several repeated request from time to time, instead he was prohibited to park his car against which our Promoter had tried to file a complaint dated February 18, 2008 which the said Society did not accept. Therefore, our Promoter through his Advocate sent a legal notice to the said Society on February 25, 2010 and requested to allot him a car parking space. As the said Society failed to allot the car parking space, on April 2, 2012 our Promoter filed an Application bearing Case No.CC/1/76/2012 before the Co-operative Court at Mumbai (hereinafter “said Court”) for necessary order against the said Society. The said Court after hearing has decided the said Application infavour of our Promoter vide order dated December 11, 2013 and has directed the said Society to allot a car parking space inside the Society compound to our Promoter and until then restrained the said Society not to prohibit our Promoter to park his car in society compound premises. The said order is pending for execution against the said Society, as he has not yet taken any steps to comply the said order till date.

- 2. Litigation Involving Criminal Laws:**  
NIL
- 3. Litigation Involving Securities and Economic Laws:**  
NIL
- 4. Litigation Involving Statutory Laws:**  
NIL
- 5. Litigation Involving Labour Laws:**  
NIL
- 6. Litigation Involving Taxation:**  
NIL
- C. PAST PENALTIES**  
NIL

#### **PART 6: LITIGATION RELATING TO OUR GROUP COMPANIES/ ENTITIES (APART FROM ALREADY MENTIONED ELSEWHERE IN THIS CHAPTER)**

##### **A. LITIGATION FILED AGAINST GROUP COMPANIES/ ENTITIES**

##### **1. Litigation involving Civil Laws:**

###### **Recovery Proceedings before Mumbai Debt Recovery Tribunal**

Recovery Proceedings initiated by Bank of India against our group entities “Mahesh Mehta HUF” and “New Lotus Silk Mills” is pending for hearing and disposal before Recovery Officer of Mumbai Debt Recovery Tribunal. Our Promoter has also been arraigned in the said proceeding. For detailed information on this proceeding, please see “Litigation involving Civil laws” given under title “Litigation filed against our Promoter” at “PART 5” of this chapter.

- 2. Litigation Involving Criminal Laws:**  
NIL
- 3. Litigation Involving Securities and Economic Laws:**  
NIL
- 4. Litigation Involving Statutory Laws:**  
NIL
- 5. Litigation Involving Labour Laws:**  
NIL

## 6. Litigation Involving Taxation:

### **a) Proceeding under Income Tax Act, 1961**

Our group entity “M/s. Domex”(hereinafter “the said entity”) received a notice dated February 27, 2014 under section 148 of the Income Tax Act, 1961 (hereinafter “IT Act”) and a notice dated May 28, 2014 under section 142(1) of the IT Act issued by the Income Tax Officer (hereinafter “Assessment officer” or “AO”)with respect to Income Tax Return for Financial Year 2008-2009. In response to the same, the said entity’s furnished requisite details as required from time to time to the AO. On December 15, 2014, the AO passed an assessment order under section 143 (3) read with section 147 of the IT Act thereby disallowing expenditure to the tune of Rs. 6,91,755/- for being unexplained and not supported by evidence and added the same into income and computed the total income as Rs.12,77,700/- of the said entity and charged interest under section 234A, 234B, 234C and 234D of the IT Act, as applicable and also initiated penalty proceeding under section 271 (1) (c) of the IT Act and directed to issue show cause notice under section 274 read with section 271(1)(c) of the IT Act for concealment of income and in furtherance of the same the AO issued a demand notice dated December 15, 2014 under section 156 of the IT Act thereby demanding an amount of Rs. 3,71,960/- determined to be payable by the said entity. Further, the said AO issued a show cause notice dated December 15, 2014 under section 274 read with section 271 of the IT Act to the said entity for imposing penalty. The said entity has not filed any reply to the said show cause notice as on the date of this Prospectus.

On March 5, 2014 the said entity filed an Appeal before the Commissioner of Income Tax (Appeals)-40, Mumbai challenging the said assessment order and notice of demand issued under section 156 of the IT Act. The said Appeal proceeding is pending for hearing and disposal.

### **b) Proceeding under Income Tax Act, 1961**

Our group company “M/s. Knowell Enterprises Private Limited” (hereinafter “the said Company”) received a notice dated March 31, 2014 under section 148 of the Income Tax Act, 1961 (hereinafter “IT Act”) issued by the Income Tax Officer (hereinafter “Assessment officer” or “AO”) stating that he has a reason to believe that the income chargeable to tax for the Assessment Year (AY) 2009-10 has been escaped assessment and he proposes to re-assess/assess for verification of high rate of share premium and cash received. The said company vide letter dated September 11, 2014 submitted its objection to the said notice and against the reason so stated by the AO and subsequently vide letter dated September 22, 2014 submitted details as required under the said notice of AO. On March 27, 2015, the AO passed an assessment order under section 143 (3) read with section 147 of the IT Act thereby holding Rs.1,93,93,000/- introduced in the books of the said Company as share application money/share capital and share premium as unexplained and unsubstantiated and added the same into income and computed the total income as Rs.1,94,08,712/- and charged interest under section 234A, 234B and 234C of the IT Act, as applicable and also initiated penalty proceeding under section 271 (1) (c) of the IT Act and in furtherance of the same the AO issued a demand notice dated March 27, 2015 under section 156 of the IT Act thereby demanding an amount of Rs. 1,15,59,508/- determined to be payable by the said Company.

On April 29, 2015 the said Company has filed an Appeal before the Commissioner of Income Tax (Appeals)-12, Mumbai challenging the said assessment order and notice of demand issued under section 156 of the IT Act and subsequently has also replied to the notice issued under section 271 (1)(c) of the IT Act by AO initiating penalty proceeding, thereby requesting for abeyance of the said proceeding until order is passed in the AppealThe said Appeal proceeding is pending for hearing and disposal.

### **c) Proceeding under Income Tax Act, 1961**

Our group company “M/s. MNM Composites Private Limited” (hereinafter “the said Company”) received an intimation/order dated May 17, 2013 under section 143 (1) of the Income Tax Act, 1961 (hereinafter “IT Act”) issued by the Assistant Commissioner of Income Tax (hereinafter “Assessment officer” or “AO”) for the Assessment Year (AY) 2012-13 demanding an amount of Rs.1,83,880/-. The said company has filed Rectification Application against the said demand on March 17, 2015 which is pending for orders before the AO.

### **d) Proceeding under Income Tax Act, 1961**



Our group company “M/s. MNM Composites Private Limited” (hereinafter “the said Company”) received an intimation/order dated November 5, 2014 under section 143 (1) of the Income Tax Act, 1961 (hereinafter “IT Act”) issued by the Assistant Commissioner of Income Tax (hereinafter “Assessment officer” or “AO”) for the Assessment Year (AY) 2013-14 demanding an amount of Rs. 39,860/-. The said company has filed Rectification Application against the said demand on February 17, 2015 which is pending for orders before the AO.

***e) Proceeding under Maharashtra Value Added Tax Act, 2002***

Our group company “Himark Technologies Pvt. Ltd.” (hereinafter “the said Company”) received a notice in Form VI (E) from Assistant Commissioner of Sales Tax (AO) with respect to VAT Audit Report of financial year 2008-2009 and subsequently a show cause notice dated April 25, 2012 to complete the assessment proceeding. The said proceeding remained unattended by the said company, which resulted into passing of an assessment order on December 31, 2012 whereby it determined the tax liability of Rs. 10,44,640/- and levied interest of Rs. 5,87,608/- under section 9(2) read with section 30(3) of Maharashtra Value Added Tax Act, 2002 and also imposed Penalty of Rs. 5,000/- under section 9(2) read with 29(7) of the said Act which came to total liability of Rs.16,37,244/- for which final notice was issued. The said company has filed an Appeal being Appeal No. DC/App-II/CA-934 before the Deputy Commissioner of Sales Tax (Appeals) II, Mumbai against the said order on the grounds more specifically mentioned in the said Appeal. On March 19, 2014, the said company vide its letter dated March 7, 2014 to Deputy Commissioner of Sales Tax (Appeals) II, submitted list of declaration received amounting to Rs. 87,44,409/- alongwith copies of stock transfer invoices together with original declaration in ‘F’ Form with a request to permit the company the concessional tax of Rs. Nil and one month’s time to furnish balance declarations. The said Appeal proceeding is pending for hearing and disposal.

**B. LITIGATION FILED BY OUR GROUP COMPANIES / ENTITIES**

- 1. Litigation involving Civil Laws:**  
NIL
- 2. Litigation Involving Criminal Laws:**  
NIL
- 3. Litigation Involving Securities and Economic Laws:**  
NIL
- 4. Litigation Involving Statutory Laws:**  
NIL
- 5. Litigation Involving Labour Laws:**  
NIL
- 6. Litigation Involving Taxation:**  
NIL

**C. PAST PENALTIES**  
NIL

**PART 7: LEGAL NOTICES**

- 1. Legal notices issued to our Company**  
NIL
- 2. Legal Notices issued by our Company**  
NIL

**PART 8: OUTSTANDING DUES TO CREDITORS**



Board has framed a Policy for materiality of creditors titled “Policy for Creditors” on August 18, 2015; herein below relevant disclosures have been made in respect of creditors of the Company:

- Consolidated information on outstanding dues to small scale undertakings (SSI) and Micro Small & Medium Enterprises (MSME), separately giving details of number of cases and amount involved if the same exceeds the threshold limit of Rs. 100,000 and the credit period of 45 days as applicable under law;
- Complete details about outstanding dues to other creditors if the amount due to any one of them exceeds 10% of the total outstanding towards creditors of the Company as per the last audited financial statements of the company.

As on March 31, 2015 as per our Restated financials only one Creditor is outstanding above 10% of total Creditors, which is our group company M/s Knowell Corporation for an amount of 37.39 lacs that is 77.31% of total outstanding.

As per certificate of Statutory Auditor dated August 18, 2015 total outstanding dues to Creditors as on March 31, 2015 are Rs. 48.37 Lacs, it consists of 24 parties and Our Company does not owe any small scale industries or any MSMEs any amounts exceeding Rs. 1 lakh which is outstanding for more than 45 days. There are no disputes with such entities in relation to payments to be made to them.

#### **PART 9: MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE**

Except as stated in the chapter titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page 157 of this Prospectus, and our Financial Statements included herein, no material developments have taken place after March 31, 2015, the date of the latest balance sheet that would materially adversely affect the performance of our 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 SME Platform of BSE.

## GOVERNMENT AND OTHER APPROVALS

*We have received the necessary consents, licenses, permissions and approvals from the Government and various Governmental agencies required for our present business (as applicable on date of this Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business operations. In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India and other authorities does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.*

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

The following statement sets out the details of licenses, permissions and approvals taken by us under various Central and State laws for carrying out business.

### APPROVALS FOR THE ISSUE

- a. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act, 2013 by a resolution passed at its meeting held on January 15, 2015 authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
- b. The shareholders of our Company have, pursuant Section 62(1)(c) of the Companies Act, 2013 by a Special Resolution passed in the Extra Ordinary General Meeting held on February 20, 2015 authorized this Issue.
- c. Our Company has obtained in-principle listing approval from the SME platform of the BSE dated May 29, 2015.

### CORPORATE RELATED APPROVALS

Sr. No.	Nature of License/Approvals	Authority	Particulars of License/Approvals	Granted on	Validity Period
1.	Certificate of Incorporation	Registrar of Companies, Maharashtra, Mumbai	Corporate Identity Number: U25203MH2013PLC244911  Name: - "H.K. Trade International Limited".	June 28, 2013	Perpetual
2.	Certificate for Commencement of Business	Registrar of Companies, Maharashtra, Mumbai	Corporate Identity Number: U25203MH2013PLC244911	July 30, 2013	Perpetual

### BUSINESS RELATED APPROVALS/GENERAL APPROVALS

Sr. No.	Nature of License/Approvals	Authority	Particulars of License/Approvals	Validity Period
1.	Permanent Account Number (PAN) under the Income Tax Act, 1961	Income Tax Department, Government of India	AADCH2027C	Perpetual
2.	Tax Deduction Account Number (TAN) under the Income Tax Act, 1961	Income Tax Department, Government of India	MUMHI4894F	Perpetual
3.	Professional Tax Enrollment Certificate (P.T.E.C.) dated March 19, 2015 under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Department of Sales Tax, Government of Maharashtra, Mumbai.	PTEC No.99962290827P	Perpetual

Sr. No.	Nature of License/Approvals	Authority	Particulars of License/Approvals	Validity Period
4.	Professional Tax Registration Certificate (P.T.R.C.) dated March 19, 2015 under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Department of Sales Tax, Government of Maharashtra, Mumbai.	PTEC No. 27525297705P	Perpetual
5.	TIN Number under VAT Regulations 2005 for Central Sales Tax and Value Added Tax and name change taken on record vide letter dated October 15, 2013	Department of Value Added Tax, Dadra & Nagar Haveli, Silvassa	Reg. No.:26000003729 *	Perpetual
6.	Certificate of Registration as a Small Scale Industries dated September 7, 2002 and name change taken on record vide letter dated August 22, 2013	District Industries Center, Dadra Nagar & Haveli, Silvassa	Registration No. 260102671	Perpetual
7.	Factory License dated April 21, 2015 under the Factories Act, 1948	Chief Inspector of Factories & Boilers, Administration of Dadra & Nagar Haveli, Silvassa	Registration No. 2644	Valid upto December 31, 2015
8.	Consent dated May 6, 2015 from Pollution Control Committee, Daman and Diu and Dadra & Nagar Haveli under the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981	Pollution Control Committee, Daman and Diu and Dadra & Nagar Haveli	No. PCC/DDD/G-2444/AL/AA/99-00/05  No. PCC/DDD/G-2444/AL/AA/99-00/06	Valid upto April 30, 2017
9.	Registration Certificate of Establishment dated June 8, 2015 under the Maharashtra Shops and Establishment Act 1948, for Corporate office at Mumbai.	Inspector under the Maharashtra Shops and Establishment Act 1948	Registration No. 794972564/Commercial II  Establishment: Office No.9, Bharat House, 2 <sup>nd</sup> Floor, 104, Bombay Samachar March, Mumbai - 400001	Valid upto December 31, 2015


\* Our Company has been granted Certificate of Exemption from Central Sales Tax bearing Certificate No.ADM/DNH/EXEMPT/CST/2002/1462 dated November 2, 2002 under Central Sales Tax Act, 1956 for a period till March 27, 2017.

\* Our Company has been granted Certificate of Exemption from Sales Tax bearing Certificate No.ADM/DNH/EXEMPT/ST/2002/1462 dated November 2, 2002 under Dadra and Nagar Haveli Sales Tax Regulation, 1978 for a period till March 27, 2017.

#### APPROVAL APPLIED & PENDING:

Sr. No.	Approval Applied for	Date of Application	Details	Authority
1.	Trademark Registration under Trade Mark Act, 1999	March 12, 2015	Application No.2920435  Class: 16 No. of Class: 1	Trade Marks Registry, Mumbai



Sr. No.	Approval Applied for	Date of Application	Details	Authority
			 <u>H.K. Trade International Limited</u>	

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors have vide resolution dated January 15, 2015 authorized the Issue, subject to the approval by the shareholders of our Company under Section 62 (1) (c) of the Companies Act, 2013.

The shareholders have authorized the Issue, by passing a Special Resolution at the Extra-Ordinary General Meeting held on February 20, 2015 in accordance with the provisions of Section 62 (1) (c) of the Companies Act, 2013.

The Company has obtained approval from BSE vide letter dated May 29, 2015 to use the name of BSE in this Offer Document for listing of equity shares on the SME platform of the BSE. BSE is the designated stock exchange.

### Prohibition by SEBI, RBI or Governmental Authorities

Our Company, our Directors, our Promoters, the Promoter Group or the person(s) in control of our Company have not been debarred from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

The companies, with which any of the Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been debarred from accessing the capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) for more than 3 months during the five years prior to the date of filing the Prospectus or (b) delisted from the stock exchanges.

None of the Directors are associated in any manner with the securities market. We confirm that no action has been initiated against these entities by SEBI at any time except as stated under the chapters titled “*Risk Factors*”, “*Our Promoter*”, “*Our Promoter Group and Group Entities*” and “*Outstanding Litigations and Material Developments*” beginning on pages 12, 112, 115 and 167 respectively, of this Prospectus.

Further, we confirm that our Company, our Directors, our Promoters, the relatives (as defined under the Companies Act) of our Promoter and Group Entities have not been declared as willful defaulters by RBI or any other governmental authorities.

### Eligibility for the Issue

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulation; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 106 (M) (1) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is less than 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 SME Platform of BSE).

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the total Issue Size. For further details pertaining to the said underwriting please see “*General Information*” on page 38 of this Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the issue is greater than or equal to fifty, otherwise, the entire application money will be refunded within such time which shall be prescribed by the SEBI. If the stated minimum amount has not been subscribed and the sum payable on application is not received within a period of thirty days from the date of issue of the prospectus, or such other period as may be specified by the Securities and Exchange Board, the amount received under sub-section (3) of Section 39 shall be returned within such time and manner as may be

prescribed under the Companies Act, 2013.

- c) In accordance with Regulation 106(O) of the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the arrangement of Market Making, please see “General Information- Details of the Market Making Arrangements for this Issue” on page 42 of this Prospectus.

We further confirm that we shall be complying with all other requirements as laid down for such 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.

- e) Our Company has Net Tangible assets of at least Rs. 1 crore as per the latest audited financial results.
- f) The Net worth (excluding revaluation reserves) of our Company is at least Rs. 1 crore as per the latest audited financial results.
- g) Our Company has track record of distributable profits in terms of section 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months. Extra-ordinary income is not been considered for the purpose of calculating distributable profits.
- h) The distributable Profit, Net tangible Assets and Net worth of our Company as per the restated financial statements for the year ended as at March 31, 2015, 2014 and 2013 is as set forth below:

(Amount in Rs.)

Particulars	FY 2014-15	FY 2013-14	FY 2012-13*
Distributable Profit <sup>(1)</sup>	11,92,326	1,81,603	6,63,514
Net tangible Assets <sup>(2)</sup>	1,58,36,667	1,52,75,638	52,69,627
Net Worth <sup>(3)</sup>	1,58,36,667	1,52,75,638	52,69,627

\* Our Company was incorporated on June 28, 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm).

<sup>(1)</sup> Distributable profits have been computed in terms section 123 of the Companies Act, 2013.

<sup>(2)</sup> Net Tangible Assets are defined as the sum of all net assets of the issuer, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

<sup>(3)</sup> Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

- i) As on the date of this Prospectus, our Company has a paid up capital of Rs. 136 lacs (Rs. 1.36 crores), which is in excess of Rs. 1 crore, and the Post Issue Capital shall also be in excess of Rs. 1 crore.
- j) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- k) There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed.
- l) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.
- m) Our company shall mandatorily facilitate trading in demat securities and has entered into an agreement with both the depositories.
- n) We have a website: [www.hktrade.in](http://www.hktrade.in)

## **Disclosure**

The Issuer, our Promoters, Promoter Group and the members of our Group Companies have confirmed that they have not been identified as wilful defaulters by the RBI or any other Governmental Authority.

## **Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, INTENSIVE FISCAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, INTENSIVE FISCAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 18, 2015 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013 (TO THE EXTENT NOTIFIED), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**



5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 (SECTION 40 OF COMPANIES ACT, 2013) AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE 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 PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE.
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 PROSPECTUS:
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.



13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE 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 SEBI THROUGH CIRCULAR.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

**ADDITIONAL CONFIRMATIONS/ CERTIFICATIONS TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE:**

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE 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 PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE
4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.
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.

***THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 (SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013) OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.***

### **Disclaimer Clause of the SME Platform of BSE**

“BSE Limited (“BSE”) has given vide its letter dated May 29, 2015 permission to this Company to use its name in this offer documents as one of the stock exchanges on which this company’s securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer documents;  
Or
- ii. warrant that this Company’s securities will be listed or will continue to be listed on BSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”

### **Disclaimer from our Company and the Lead Manager**

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company’s instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

### **CAUTION**

The Lead Manager accept no responsibility, save to the limited extent as provided in the MoU for Issue Management entered into among the Lead Manager and our Company dated March 7, 2015, the Underwriting Agreement dated March 16, 2015 entered into among the Underwriters and our Company and the Market Making Agreement dated March 16, 2015, entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

### **Note:**

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

### **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), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents

including NRIs and FIIs. The Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Prospectus / 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 Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any 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.

#### **Disclaimer Clause under Rule 144A of the U.S. Securities Act**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Filing**

The Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Regulation 106 (O) (1). However, a copy of the Prospectus shall be filed with SEBI at Corporation Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India.

A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 will be delivered to the RoC at the Office of the Registrar of Companies, 100, Everest, Marine Drive, Mumbai 400 002, Maharashtra, India.

#### **Listing**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of BSE. However, application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the prospectus. The allotment letters shall be issued or application money shall be refunded within fifteen days from the closure of the issue or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period 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 SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

The Company has obtained approval from BSE vide letter dated May 29, 2015 to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

**Price Information of past issues handled by the Lead Manager**

**INTENSIVE FISCAL SERVICES PRIVATE LIMITED**

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY BOOK RUNNING LEAD MANAGER**

**TABLE 1**

Sr. No.	Issue Name	Issue size (Rs. in cr.)	Issue price (Rs.)	Listing date	Opening price on listing date (Rs.)	Closing price on listing date (Rs.)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar days from listing day (Closing)
<b>Financial Year 2012-13</b>														
1	Kavita Fabrics Limited <sup>(1)</sup>	5.10	40.00	12-Mar-2013	40.90	41.00	2.50%	185.91	40.90	204.17	39.10	212.24	40.00	229.93
<b>Financial Year 2013-14</b>														
1	Lakhotia Polyesters (India) Limited <sup>(1)</sup>	5.08	35.00	4-Apr-2013	35.80	35.00	0.00%	226.55	35.10	233.13	35.00	236.72	34.55	241.44

Intensive Fiscal Services Private Limited was responsible for finalisation of Issue Price for above Issues.

**TABLE 2: SUMMARY STATEMENT OF DISCLOSURE**

Financial Year	Total no. of IPOs	Total Funds Raised (Rs. Cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2012-13	1	5.10	-	-	-	-	-	1	-	-	-	-	-	1
2013-14	1	5.08	-	-	-	-	-	1	-	-	1	-	-	-
2014-15	0	-	-	-	-	-	-	-	-	-	-	-	-	-

**Note:**

1. Benchmark index considered is BSE SME IPO
2. In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, the share price and benchmark index is taken for the immediately preceding working day.
3. In case there is no trading on the 10th, 20th, and 30th calendar day from the date of listing, the share price is taken for the immediately preceding traded day; whereas the benchmark index is taken for the 10th, 20th and 30th day from the date of listing.

### Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please see the website of the Lead Manager – [www.intensivefiscal.com](http://www.intensivefiscal.com)

### Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Company; and (b) the Lead Manager, Escrow Collection Bankers, Refund Banker, Peer Reviewed Auditor, Registrar to the Issue, the Legal Advisors to the Issue, the Market Maker to the Issue, the Underwriter to the Issue 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 the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s. Talati & Talati, Chartered Accountants, the Peer Reviewed Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated March 16, 2015 on restated financial statements and M/s. Nirmal Nahata & Associates, Chartered Accountants, the Statutory Auditors of the Company have provided the Statement of Tax Benefits dated March 2, 2015 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this 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 the Prospectus.

### Expert Opinion

Except for the below stated reports and certificate included in the Prospectus, our Company has not obtained any expert opinions:

1. Statutory Auditor – Statement of Tax Benefits
2. Peer Review Auditor – Restated Financial Statements
3. ICRA- Industry Report

### Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. 22.96 lakhs. The expenses of this Issue include, among others, market making fees, underwriting fees, issue management fees and selling commissions, SCSBs commissions / fees, printing and distribution expenses, legal fees, advertisement and marketing expenses, registrar's fees, depository fees and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

Activity	Expenses (Rs. in lakhs)	Percentage of Issue Expenses	Percentage of the Issue Size
Payment to Merchant Bankers, market making fees, selling commissions, underwriting commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers, etc and other out of pocket expenses	12.96	56.44%	5.66%
Printing and Stationery and postage expenses	1.50	6.53%	0.66%
Advertising and Marketing expenses	3.50	15.25%	1.53%
Regulatory fees and expenses	3.25	14.16%	1.42%
Other Expenses	1.75	7.62%	0.76%
<b>Total estimated issue expenses</b>	<b>22.96</b>	<b>100.00%</b>	<b>10.03%</b>

### **Fees, Brokerage and Selling Commission Payable to the Lead Manager**

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the MoU dated March 7, 2015, the Underwriting Agreement dated March 16, 2015 and the Market Making Agreement dated March 16, 2015 among the Company and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company and the Registrar to the Issue dated February 7, 2015.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

### **Capital Issue during the last five years**

Our Company and its Promoter Group have not made any capital issue viz. initial public offering, rights issue or composite issue during the last five years.

### **Previous Public and Rights Issues**

We have not made any previous rights and public issues, and we are an “Unlisted Company” 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 Equity Shares otherwise than for Cash**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 45 of this Prospectus, we have not issued any Equity Shares for consideration other than for cash.

### **Commission and Brokerage Paid on Previous Issues of our Equity Shares**

Since this is an Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

### **Companies under the same Management**

Except as stated in the section titled “Our Promoter” and “Our Promoter Group and Group Entities” beginning on page 112 and 115 respectively of this Prospectus, there are no companies under the same management within the meaning of former section 370 (1B) of the Companies Act, 1956. No company under the same management as the Company within the meaning of former Section 370(1B) of the Companies Act, 1956 has made any public issue (including any rights issues to the public) during the last three years. There are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956, that has made any public issue (including any rights issues or composite issues to the public) during the last three years.

### **Promise v. Performance – Associates**

Our Company and its Promoter Group have not made any previous rights and public issues.

### **Outstanding Debentures, Bonds, Redeemable Preference Shares and Other Instruments issued by the Company**



The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

### **Stock Market Data for our Equity Shares**

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

### **Mechanism for Redressal of Investor Grievances**

The Company has appointed M/s. Sharex Dynamic (India) Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the Issue in attending to the grievances to the investor.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on March 11, 2015 constituted a Stakeholder's Relationship Committee. The composition of the Stakeholder's Relationship Grievance Committee is as follows:

<b>Name of Director</b>	<b>Designation in Committee</b>	<b>Nature of Directorship</b>
Mr. Kamlesh Kapadia	Chairman	Non-Executive and Independent
Mr. Santosh Sawant	Member	Non-Executive and Independent
Mrs. Megha Chandawalla	Member	Non-Executive

The Company Secretary of the Company shall be the secretary to the Stakeholder's Relationship Committee.

For further details, please see the chapter titled "*Our Management*" beginning on page 100 of this Prospectus.

The Company has also appointed Mr. Deep Shah as the Company Secretary and Compliance Officer for this Issue and she may be contacted at the Corporate Office of our Company. The contact details are as follows:

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

**Mr. Deep Shah**  
Office No. 9, 2<sup>nd</sup> Floor, Bharat House,  
104, Mumbai Samachar Marg, Fort,  
Mumbai – 400 001  
Maharashtra, India.  
**Tel:** +91 – 22 – 2267 6700  
**Email:** info@hktrade.in

Investors can contact the Compliance Officer or the Registrar to the Issue or the Lead Manager in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders.

### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Prospectus and hence there are no pending investor complaints as on the date of this Prospectus.

### **Disposal of Investor Grievances by Listed Companies under the same Management as the Company**

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act, 1956 has made any public issue (including any rights issues to the public) during the last three years and hence there are no pending investor grievances.

### **Change in Auditors**

The changes in the auditors of our Company in the last three years are detailed below:

<b>Name of Auditor</b>	<b>Date</b>	<b>Reason for change</b>
Surendra & Co.	August 28, 2013	Resignation
Nirmal Nahata & Associates	September 9, 2013	Appointment

*Our Company was incorporated on June 28, 2013 as a public limited company from a partnership firm, under the Part IX of the Companies Act, 1956. Formerly it was known as M/s. H.K. International (Partnership Firm).*

### **Capitalisation of Reserves or Profits**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 45 of this Prospectus, our Company has not capitalised our reserves or profits during the last five years.

### **Revaluation of Assets**

We have not revalued our assets in the last five years.



## SECTION VII – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Prospectus, the Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### Authority for the Issue

This Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on January 15, 2015 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra-Ordinary General Meeting held on February 20, 2015 in accordance with the provisions of Section 62 (1) (c) of the Companies Act, 2013.

#### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment.

For further details, please see the section titled *"Main Provisions of the Articles of Association of our Company"* beginning on page 241 of this Prospectus.

#### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 2013. For further details, please see the chapter titled *"Dividend Policy"* beginning on page 123 of this Prospectus.

#### Face Value and Issue Price

The Equity Shares having a face value of Rs.10 each are being issued in terms of this Prospectus at the price of Rs. 18 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 60 of this Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please see the section titled "*Main Provisions of Articles of Association of our company*" beginning on page 241 of this Prospectus.

### **Minimum Application Value; Market Lot and Trading Lot**

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

As per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialized form only.

Trading of the Equity Shares will happen in the minimum contract size of 8,000 Equity Shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of 8,000 Equity Share subject to a minimum allotment of 8,000 Equity Shares to the successful applicants.

### **Minimum Number of Allottees**

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 12 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 (1) & 72 (2) of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 (3) 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 accordance to Section 72 (4) of the Companies Act, 2013, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Articles of Association of the 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:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

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

### **Arrangements for Disposal of Odd Lots**

The trading of the Equity Shares will happen in the minimum contract size of 8,000 shares. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME platform of BSE.

### **Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please see the section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 241 of this Prospectus.

### **Option to receive Equity Shares in Dematerialized Form**

As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares will be made only in dematerialized form. As per SEBI’s circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Platform of BSE.

### **Migration to Main Board**

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

- If the Paid up Capital of the company is more than Rs. 10 crores but below Rs. 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## Market Making

The shares issued through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing on the SME Platform of BSE.

In accordance with the SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012, it has decided to make applicable limits on the upper side for the market makers during market making process taking into consideration the Issue size in the following manner:

Issue size	Buy quote exemption threshold (including mandatory initial inventory of 5% of issue size)	Re-entry threshold for buy quotes (including mandatory initial inventory of 5% of issue size)
Upto Rs. 20 Crore, as applicable in our case	25%	24%

Further, the market makers shall give two way quotes till they reaches the upper limit threshold, thereafter they has the option to give only sell quotes. Two way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the market makers obligation, there shall be no exemption/threshold on downside. However, in the event the market makers exhausts their inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker, please see the chapter titled *"General Information - Details of the Market Making Arrangement for this Issue"* beginning on page 42 of this Prospectus.

## New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

## Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(1) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital does not exceed Rs. 10 crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "*Terms of the Issue*" and "*Issue Procedure*" on page 190 and 196 of this Prospectus.

Following is the issue structure:

*Public issue of 12,72,000 Equity Shares of Rs. 10/- each (the "Equity Shares") for cash at a price of Rs. 18/- per Equity Share (including a share premium of Rs. 8/- per equity share) aggregating to Rs. 228.96 lakhs ("the Issue") by H.K. Trade International Limited ("HKTIL" or the "Company" or the "Issuer").*

*The issue comprises a Net Issue to Public of 11,36,000 Equity Shares ("the Net issue") and a reservation of 1,36,000 Equity Shares of Rs. 10/- for subscription by the designated Market Maker ("the Market Maker Reservation Portion").*

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	12,72,000 Equity Shares	1,36,000 Equity Shares
Percentage of Issue Size available for allocation	89.31% of the Issue Size	10.69% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of 8,000 equity shares and further allotment in multiples of 8,000 equity shares each.  For further details please refer to " <i>Issue Procedure - Basis of Allotment</i> " on page 233 of this Prospectus.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or non-ASBA process.	Through ASBA Process Only
Minimum Application Size	<i>For QIB and NII:</i>  Such number of equity shares in multiples of 8,000 equity shares such that the Application Value exceeds Rs. 2,00,000/-  <i>For Retail Individuals:</i>  8,000 equity shares	1,36,000 Equity Shares
Maximum Application Size	<i>For QIB and NII:</i>  Such number of equity shares in multiples of 8,000 equity shares such that the Application Size does not exceed 12,72,000 equity shares.  <i>For Retail Individuals:</i>	1,36,000 Equity Shares

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
	Such number of equity shares in multiples of 8,000 equity shares such that the Application Value does not exceed Rs. 2,00,000/-.	
Mode of Allotment	Dematerialized Form	Dematerialized Form
Trading Lot	8,000 Equity Shares	8,000 Equity Shares, However the Market Makers may accept odd lots, if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

*\* 50 % of the shares offered are reserved for allocation to applications below or equal to Rs. 2 lacs and the balance for higher amount applications.*

### **Withdrawal of the Issue**

The 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.

Our Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days, providing reasons for not proceeding with the Issue. The LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh draft offer document the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares offered through the Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

### **Issue Programme**

<b>ISSUE OPENING DATE</b>	August 31, 2015
<b>ISSUE CLOSING DATE</b>	September 03, 2015

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

## 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 (the “General Information Document”) included below under section “**Part B – General Information Document**”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchange and the Lead Manager. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change. Our Company and the Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Prospectus and the Prospectus.

### PART A

#### **FIXED PRICE ISSUE PROCEDURE**

The Issue is being made under Regulation 106(M)(1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant’s depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges by the Brokers (including sub-brokers) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. Applicants will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchange.

Further, the Equity Shares on allotment shall, be traded only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. In case of joint Applications, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

#### **APPLICATION FORM**



Applicants shall only use the specified Application Form for the purpose of making an Application in terms of the Prospectus. Upon completing and submitting the Application Form to the Bankers, the Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

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. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

The prescribed color of the Application Form for various categories is as follows:

Category	Colour of Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs applying on a repatriation Basis	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

#### **WHO CAN APPLY?**

In addition to the category of Applicants set forth under “– *General Information Document for Investing in Public Issues – Category of Investors Eligible to participate in an Issue*”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.

#### **OPTION TO SUBSCRIBE IN THE ISSUE**

- As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialised form only.
- The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

#### **PARTICIPATION BY ASSOCIATES/ AFFILIATES OF LEAD MANAGER AND SYNDICATE MEMBERS**

The Lead Manager and the Syndicate Members, if any, shall not be allowed to purchase in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager and the Syndicate Members, if any, may purchase the Equity Shares in the Issue, either in the QIB Category or in



the Non-Institutional Category as may be applicable to such Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

#### **AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS**

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, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of SME Platform of BSE Limited i.e. [www.bsme.com](http://www.bsme.com).

#### **APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRI'S 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 HUFs, application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

#### **APPLICATIONS BY ELIGIBLE QFIS**

The RBI in its circular dated January 13, 2012 has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest through SEBI registered qualified depository participants ("DP") in equity shares of Indian companies which are offered to the public in India in accordance with SEBI regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap.

SEBI in its circular dated January 13, 2012 has specified among other things eligible transactions for Eligible QFIs (which includes purchase of equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors with respect to margins, voting rights, public issues etc.

Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

#### **APPLICATIONS BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS**

As per the current regulations, the following restrictions are applicable for SEBI Registered 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.

Accordingly, whilst 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 Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

#### **APPLICATIONS BY ELIGIBLE NRI'S/FPI'S ON REPATRIATION BASIS**

Application Forms have been made available for eligible NRIs at our registered Office. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRIs subject to the terms and conditions stipulated therein. Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs on repatriation basis. Allotment of equity shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

#### **APPLICATIONS BY FPIS, FIIS AND QFIS**

On January 7, 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, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a QFI can continue to buy, sell or otherwise deal in securities until January 6, 2015 or until the QFI obtains a certificate of registration as FPI, whichever is earlier. Such QFIs shall be eligible to participate in this Issue in accordance with Schedule 8 of the FEMA Regulations and are required to apply under the Non Institutional Applicants category.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post - Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid - up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid - up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs 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% and 24% of the total paid - up Equity Share capital of our Company, respectively.

Further, the existing individual and aggregate investment limits for QFIs in an Indian company are 5% and 10% of the paid up capital of an Indian company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio 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 a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; 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.

#### **APPLICATION BY MUTUAL FUNDS**

Application made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

#### **APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

#### **APPLICATIONS BY INSURANCE COMPANIES**

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 are broadly set forth below:

- a) 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;
- b) 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

- c) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).

#### **APPLICATIONS UNDER POWER OF ATTORNEY**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, 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, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of Rs. 25 crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 crore, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

**The Company in its absolute discretion, reserve 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 the Company and the LMs may deem fit.**

*Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / 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.*

#### **APPLICATIONS BY PROVIDENT FUNDS/PENSION FUNDS**

In case of Applications made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

**The above information is given for the benefit of the Applicants. 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 Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

## MAXIMUM AND MINIMUM APPLICATION SIZE

In addition to what is set forth under “– General Information Document for Investing in Public Issues – Applying in the Issue”, the following terms and guidelines must be adhered to:

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 Prospectus.

Information for the Applicants:

- a. Our Company will file the Prospectus with the RoC at least 3 (three) working days before the Issue Opening Date.
- b. The LMs will circulate copies of the Abridged Prospectus / Prospectus along with the Application Form to potential investors.
- c. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/or the Application Form can obtain the same from our registered office or from the corporate office of the LMs.
- d. Applicants who are interested in subscribing for the Equity Shares should approach the LMs or their authorized agent(s) to register their Applications.
- e. Applications made in the Name of Minors and/or their nominees shall not be accepted.
- f. Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. The refund order will be sent directly to the payee's address.

## ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

*This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.*

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

### ASBA Process

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant (“ASBA Account”) is maintained. The Application Form shall bear the stamp of the SCSBs and if not, the same shall be rejected.

The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until

withdrawal/rejection of the 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 ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Lead Manager. 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. 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 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

### **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. 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.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand payable at Mumbai.

SEBI, vide Circular No.CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public issues using the stock broker ('broker) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com).

### **Applications by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis**

Applications and revision to Applications must be made in the following manner:

1. On the Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained overleaf.
2. In a single name only.
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of persons not competent to contract under the Indian Contract Act, 1872, as amended, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Applications by Eligible NRIs for an amount of up to Rs. 200,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an amount of more than Rs. 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details**



of which should be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.

#### **Applicant's Depository Account and Bank Details**

*Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.*

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the LMs or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, 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 and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. 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.

#### **PAYMENT INSTRUCTIONS**

In terms of RBI circular no. DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, non-CTS cheques are processed in three CTS centres in separate clearing session. This separate clearing session will operate thrice a week up to April 30, 2014, thereafter twice a week up to October 31, 2014 and once a week from November 1, 2014 onwards. In order to enable listing and trading of Equity Shares within 12 Working Days of the Issue Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Issue Closing Date.

#### **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 widely circulated regional daily newspaper. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price.

#### **ISSUANCE OF A CONFIRMATION OF ALLOCATION NOTE ("CAN")**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Manager or Registrar to the Issue shall send to the SCSBs a list of their Applicants who have been allocated Equity Shares in the Issue.
2. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

## **TERMS OF PAYMENT/PAYMENT INSTRUCTIONS**

### **Terms of Payment / Payment Instructions**

1. The entire Issue price of Rs. 18/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.
2. Payments should be made by cheque, or demand drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

## **PAYMENT INTO ESCROW ACCOUNT**

The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

- Indian Public including eligible NRIs applying on non-repatriation basis: "Escrow Account – H.K. TRADE INTERNATIONAL LIMITED – R".
- In case of Non-Resident Retail Applicants applying on repatriation basis: "Escrow Account – H.K. TRADE INTERNATIONAL LIMITED – NR"

### **Cash/ Stock Invest/ Money Orders/ Postal orders will not be accepted.**

A separate Cheque or Bank should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
2. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay in Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
3. On the Designated Date and no later than 12 Working days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

### **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 5, 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.



## SUBMISSION OF APPLICATION FORM

All Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Brokers / Sub Brokers at the time of submission of the Application. With regard to submission of Application Forms, please refer to the sub-section on “Issue Procedure - Application Form” on page 196 of this Prospectus.

**Kindly note that the Brokers / Sub Brokers at the Collection Centers may not accept the Application if there is no branch of the Escrow Collection Banks at that location.**

No separate receipts shall be issued for the money payable on the submission of Application Form or Revision Form. However, the collection centre of the Brokers / Sub Brokers will acknowledge the receipt of the Application Forms or Revision Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. In case of ASBA Applications, an acknowledgement from the Designated Branch or concerned Brokers / Sub Brokers, as the case may be, for submission of the Application Form may be provided.

## ELECTRONIC REGISTRATION OF APPLICATIONS

1. The Broker / Sub Broker and SCSBs will register the Applications using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Applications are being accepted. The Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Brokers and the SCSBs, (ii) the Applications uploaded by the Brokers and the SCSBs, (iii) the Applications accepted but not uploaded by the Brokers and the SCSBs or (iv) with respect to ASBA Applications, Applications accepted and uploaded without blocking funds in the ASBA Accounts.
2. The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs and (iv) with respect to Applications by ASBA Applicants, Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account.
3. In case of apparent data entry error either by the Broker / Sub Broker or the collecting bank in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).
4. The Brokers / Sub Brokers and SCSBs will undertake modification of selected fields in the Application details already uploaded within one Working Day from the Issue Closing Date.
5. The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available with the Brokers and the SCSBs during the Issue Period. The Brokers / Sub Brokers and the Designated Branches can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the online facilities for Book Building on a regular basis. On the Issue Closing Date, the Brokers and the Designated Branches shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Brokers / Sub Brokers on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.



6. At the time of registering each Application and each ASBA Application submitted by an ASBA Applicant, the Brokers and the Designated Branches shall enter the following details of the investor in the on-line system, as applicable:
  - Name of the Applicant;
  - IPO Name;
  - Application Form number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Numbers of Equity Shares Applied for;
  - Cheque Details in case of Applications other than ASBA Application and Bank Account details in case of ASBA Applicants;
  - Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.

In case of submission of the Application by an ASBA Applicant through the Electronic Mode, the ASBA Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Application Form number which shall be system generated.

7. A system generated TRS will be given to the Applicant as a proof of the registration of the application. It is the Applicant's responsibility to obtain the TRS from the Brokers / Sub Brokers or the Designated Branches. The registration of the Application by the Brokers / Sub Brokers or the Designated Branches does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
9. In case of QIB Applicants, the Lead Manager has the right to accept the Application or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such rejection in writing. In case on Non-Institutional Applicants and Retail Individual Applicants, Applications would be rejected on the technical grounds.
10. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
11. Only Applications that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Brokers / Sub Brokers will be given up to one day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic Application details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely DP ID, Beneficiary Account Number and PAN, then such Applications are liable to be rejected.

## 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 your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB;
- With respect to ASBA Applications ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- Ensure that you have requested for and receive a TRS;

***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 Banker to the Issue/SCSB.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue/SCSB.
- Do not fill in the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue
- Do not submit Applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended;

**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.

**Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

Please note that Central or State Government and the officials appointed by the courts and investors residing in the State of Sikkim are exempted from specifying their PAN subject to the Depository Participants' verifying the veracity of such claims of the investors in accordance with the conditions and procedures under this section on Issue Procedure.

### **Right to Reject Applications**

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants and Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds. In addition to what is set forth hereinabove, please also refer "General Information Document for Investing in Public Issues" beginning on page 214 of this Prospectus.

### **IMPERSONATION**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

*"Any person who—*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447."*

### **Signing of Underwriting Agreement**

This Issue is 100% Underwritten. Our Company and the Underwriters have entered into an Underwriting Agreement dated March 16, 2015 as per the terms of Regulation 106P of the SEBI (ICDR) Regulations, 2009 amendments thereto from time to time.

### **Filing of the Prospectus with the RoC**

Our Company will file a copy of the Prospectus with the RoC at Registrar of Companies, Mumbai, as required under the Companies Act.

### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

In case of Applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 working days of Issue Closing Date, giving details of the Bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days from the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment of Equity Shares shall be made within 12 (Twelve) working days of the Issue Closing Date;
2. Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (Twelve) working days of the Issue Closing Date would be ensured; and
3. The Company shall pay interest at 15% p.a. for any delay beyond the 15 (Fifteen) working days from the Issue Closing Date, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (Twelve) working days prescribed above.
4. The Company will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for en-cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants

#### **UNDERTAKINGS BY THE COMPANY**

We undertake as follows:

1. That the complaints received in respect of the Issue shall be attended expeditiously and satisfactorily.
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven Working Days of finalization of the Basis of Allotment or twelve (12) Working Days from the Issue Closing Date, whichever is earlier.
3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us.
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. That our Promoters' contribution in full has already been brought in.
6. That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time.
7. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.
8. That, adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

9. That adequate arrangement shall be made till the securities offered through this Offer Document are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
10. That we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

## **PROCEDURE AND TIME SCHEDULE FOR TRANSFER OF EQUITY SHARES**

The Issue will be conducted through the “Fixed Price Method” pursuant to which the Brokers / Sub-Brokers and SCSBs will accept Applications for the Equity Shares during the Issue Period. The Issue Period will commence on August 31, 2015 and close on September 03, 2015. Following the expiration of the Issue Period, our Company, in consultation with the Lead Manager, will determine the basis of allotment and entitlement to allotment based on the applications received and subject to the confirmation by the Stock Exchanges. Successful Applicants will be provided with a confirmation of their allocation for the Equity Shares within a prescribed time. The SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful Applicants within 12 days of the expiration of the Issue Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

## **LETTERS OF ALLOTMENT OR REFUND ORDERS OR INSTRUCTIONS TO THE SCSBs**

The Registrar to the Issue shall give instructions for credit of the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Issue Closing Date. Applicants residing at the centers where clearing houses are managed by the RBI will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and NEFT. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Applicant’s sole risk within 12 Working Days of the Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Issue Closing Date.

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

## **REFUNDS**

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which 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 Identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such



payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

### **Payment of Refund**

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the Lead Manager shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

### **UTILIZATION OF THE ISSUE PROCEEDS**

The Board of Directors of our Company certifies that:

1. all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and

Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

### **Withdrawal of the Issue**

The 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.

Our Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days, providing reasons for not proceeding with the Issue. The LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh draft offer document the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares offered through the Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

## **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

As per the provisions of Section 29 (1) of the Companies Act, 2013, the allotment of Equity Shares in this Issue shall be only in de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, the Company is in the process of signing two agreements with the respective Depositories and the Registrar to the Issue:

Agreement dated December 20, 2013 with NSDL, the Company and the Registrar to the Issue;

Agreement dated November 13, 2013 with CDSL, the Company and the Registrar to the Issue.

The Company's shares bear an ISIN – INE725P01012.

All Applicants can seek allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her depository account are liable to be rejected.

1. 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.
2. 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.
3. Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
4. Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository.
5. If incomplete or incorrect details are given under the heading 'Investors Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
6. 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.
7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
9. Allotment advice or refund orders will be directly sent to the Applicants by the Registrar to the Issue.

## **COMMUNICATIONS**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

**Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.**



## PART B

### GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the 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 *inter-alia* through Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”)

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue; are set out in the Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the LM(s) to the Issue and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations” on page 236 of the Prospectus.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE

##### 2.1 INITIAL PUBLIC OFFER (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under of chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post-issue face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M (2): An issuer, whose post issue face value capital, is more than ten crore rupees and upto twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present Issue being made under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation.

## 2.2 OTHER ELIGIBILITY REQUIREMENTS

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 (the “Companies Act”), The Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation:

- (a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, Issue has to be 100% underwritten and the LM has to underwrite at least 15% of the total issue size.
- (b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 73 of the Companies Act, 1956
- (c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issued any observations on the Offer Document. The Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- (d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.
- (e) The Issuer shall have Net Tangible assets of at least Rs. 1 crore as per the latest audited financial results.
- (f) The Net worth (excluding revaluation reserves) of the Issuer shall be at least Rs. 1 crore as per the latest audited financial results.
- (g) The Issuer should have a track record of distributable profits in terms of section 205 of Companies Act for two out of immediately preceding three financial years or it should have net worth of at least Rs. 3 Crores.
- (h) The Post-issue paid up capital of the Issuer shall be at least Rs. 1 Crore.
- (i) The Issuer shall mandatorily facilitate trading in demat securities.
- (j) The Issuer should not been referred to Board for Industrial and Financial Reconstruction.
- (k) No petition for winding up is admitted by a court of competent jurisdiction against the Issuer.
- (l) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the Issuer.
- (m) The Company should have a website

Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this Issue.

Thus Company is eligible for the Issue in accordance with regulation 106M (1) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital does not exceed Rs. 1,000 lakhs. Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

### 2.3 TYPES OF PUBLIC ISSUES – FIXED PRICE ISSUES AND BOOK BUILT ISSUES

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Issue Opening Date, in case of an IPO and at least one Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

The Issuer Company is proposing a Fixed Price IPO through this Offer Document at price of Rs 18/- per equity share.

### 2.4 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange(s).

### 2.5 MIGRATION TO MAIN BOARD

SME Issuer may migrate to the Main Board of SE from the SME Exchange at a later date subject to the following:

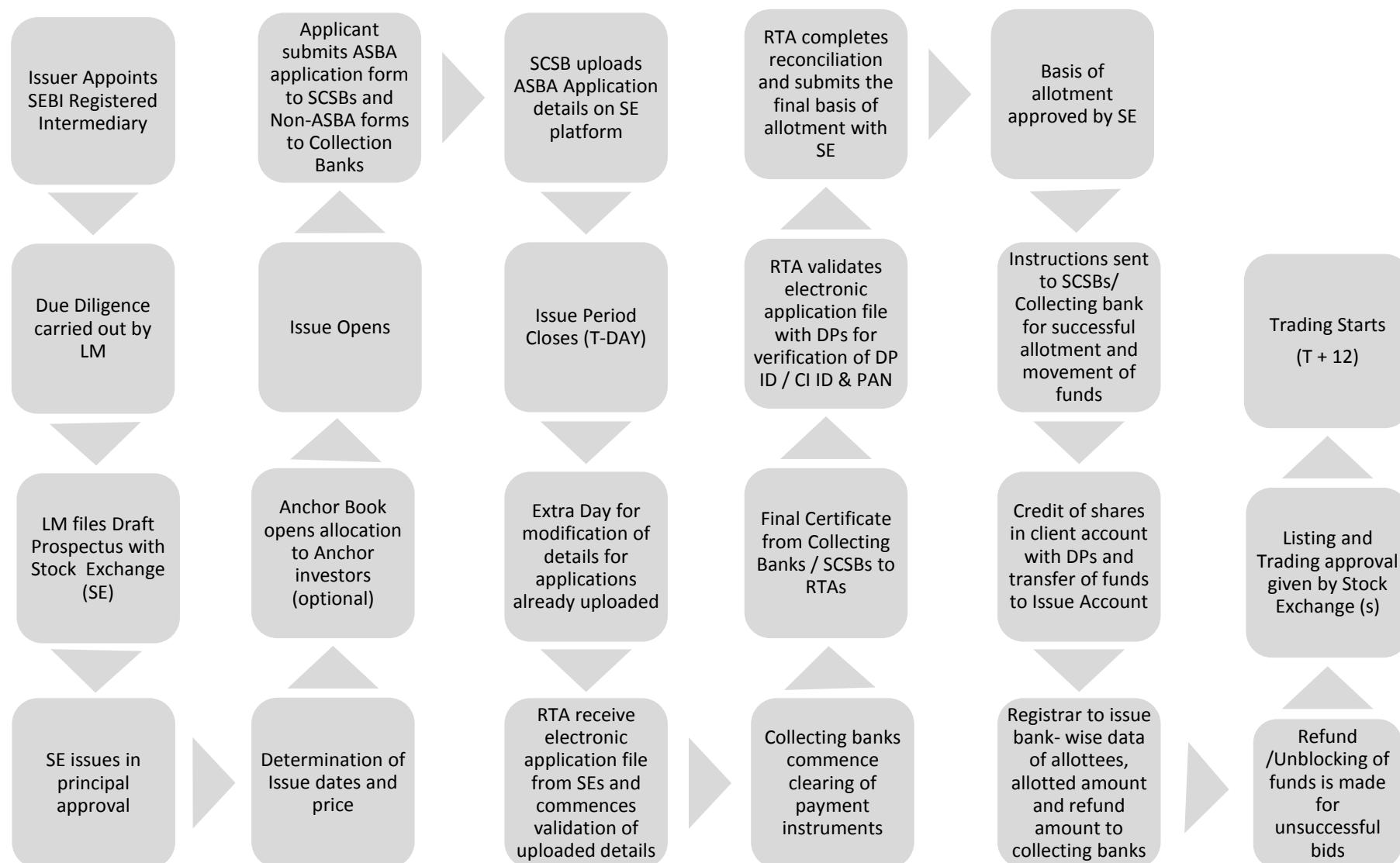
- (a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- (b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## 2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price Issues is as follows





### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

*Each Applicant should check whether it is eligible to apply under applicable law.* Furthermore, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
- Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
- Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- Insurance Companies registered with IRDA;
- Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
- Eligible QFIs
- FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual, applying in the QIB Portion;

- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals, applying in the Non-Institutional Portion
- Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws

As per the existing regulations, OCBs cannot participate in this Issue.

#### **SECTION 4: APPLYING IN THE ISSUE**

**Fixed Price Issue:** Applicants should only use the specified Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or Designated Branches of the SCSBs, at the registered office of the Issuer and at the office of LM. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Application Form for various categories of Applicants is as follows:

<b>Category</b>	<b>Colour of the Application</b>
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FPIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), on a repatriation basis	Blue
Anchor Investors (where applicable) & Applicants applying in the reserved category	Not Applicable

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

#### **4.1 INSTRUCTIONS FOR FILING THE APPLICATION FORM (FIXED PRICE ISSUE)**

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:





<b>COMMON APPLICATION FORM FOR ASBA / NON-ASBA</b>		<b>H.K. TRADE INTERNATIONAL LIMITED PUBLIC ISSUE - R</b>		<b>FOR RESIDENT INDIAN, QIB, ELIGIBLE NRIs APPLYING ON NON-REPATRIATION BASIS</b>	
To, The Board of Directors H.K. Trade International Limited		<b>FIXED PRICE SME ISSUE</b> <b>ISIN : INE725P01012</b>		<b>Application Form No.</b> Date:	
<b>BROKER'S/AGENT'S STAMP &amp; CODE</b>  <b>BANK BRANCH STAMP &amp; CODE</b>  <b>REGISTRAR'S SERIAL NO.</b>		<b>SUB-BROKER'S/SUB-AGENT'S STAMP &amp; CODE</b>  <b>BANK BRANCH SERIAL NO.</b>		<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b> Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____	
<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>4. APPLICATION DETAILS</b> No. of Equity Shares of ₹ 10/- each applied at the Issue Price i.e. at ₹ 18 per share <sup>(1)</sup> (In figures) _____ (In words) _____ <b>ALLOTMENT WILL BE IN DEMAT MODE ONLY</b> <sup>(1)</sup> Please note that applications must be made in minimum lot size of 8,000 shares and further multiples of 8,000 shares accordingly.		<b>5. Category (Tick ✓)</b> <input type="checkbox"/> Retail Individual <input type="checkbox"/> Non - Institutional <input type="checkbox"/> QIB	
<b>6. Investor Status (Tick ✓)</b> <input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Non Resident Indians - NRIs <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VC <input type="checkbox"/> Others (Please Specify) - OTH		<b>7. PAYMENT DETAILS (Please tick ✓) any one of payment option A or B below)</b>		<b>PAYMENT OPTION : Full Payment</b>	
Amount Paid (₹ in figures) _____ (₹ in words) _____ <input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) Cheque/DD No. _____ Dated DD MM YY Drawn on (Bank Name & Branch) _____		<input type="checkbox"/> (B) ASBA Bank A/c No. _____ Bank Name & Branch _____		* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)	
<b>8A. SIGNATURE OF SOLE/ FIRST APPLICANT</b> _____ Date : _____, 2015		<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue 1) _____ 2) _____ 3) _____		<b>BANK BRANCH'S STAMP</b> _____	

TEAR HERE

<b>H.K. TRADE INTERNATIONAL LIMITED PUBLIC ISSUE - R</b>		<b>Acknowledgement Slip for SCSB/Collection Banker</b>		<b>Application Form No.</b>	
DPID / CLID _____ Received from Mr./ Ms. _____ Address _____ Telephone / Mobile _____ Email _____		PAN _____ No. of Equity Shares applied for In Figures _____ In Words _____ Amount (₹) _____ Cheque/Demand Draft dated _____ Instrument No. _____ Drawn on (Name of the Bank & Branch) _____		Bank's Stamp & Signature _____	

TEAR HERE

<b>H.K. TRADE INTERNATIONAL LIMITED PUBLIC ISSUE - R</b>		<b>Acknowledgement Slip for Applicant</b>		<b>Application Form No.</b>	
No. of Equity Shares Amount Paid (₹)		In Figure _____ In Words _____ Stamp & Signature of Banker _____		Name of Sole / First Applicant _____	
Cheque / DD/ASBA Bank A/c No. _____ Bank & Branch _____		_____		_____	



COMMON APPLICATION FORM  
FOR ASBA / NON-ASBA**H.K. TRADE INTERNATIONAL LIMITED  
PUBLIC ISSUE - NR**FOR ELIGIBLE NRIs, FIIs, FVCI, ETC.,  
APPLYING ON A REPATRIATION BASISTo,  
The Board of Directors  
H.K. Trade International Limited

FIXED PRICE SME ISSUE

ISIN : INE725P01012

Application  
Form No.

Date:

BROKER'S/AGENT'S STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST APPLICANT Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____
BANK BRANCH STAMP & CODE	BANK BRANCH SERIAL NO.	
REGISTRAR'S SERIAL NO.		
2. PAN OF SOLE / FIRST APPLICANT		

3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS	<input type="checkbox"/> NSDL <input type="checkbox"/> CDSL	6. Investor Status (Tick (✓)) <input type="checkbox"/> Non-Resident Indians - NRI (Repatriation basis) <input type="checkbox"/> Foreign Institutional Investor - FII <input type="checkbox"/> Foreign Venture Capital Investor - FVCI <input type="checkbox"/> FII Sub Account Corporate / Individual - FIISA <input type="checkbox"/> Others - OTH (please specify) _____
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID		
4. APPLICATION DETAILS No. of Equity Shares of ₹ 10/- each applied at the Issue Price i.e. at ₹ 18 per share <sup>(1)</sup> (In figures) _____ (In words) _____ ALLOTMENT WILL BE IN DEMAT MODE ONLY <sup>(1)</sup> Please note that applications must be made in minimum lot size of 8,000 shares and further multiples of 8,000 shares accordingly.		
5. Category (Tick (✓)) <input type="checkbox"/> Retail Individual <input type="checkbox"/> Non-Institutional <input type="checkbox"/> QIB		

7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below)	PAYMENT OPTION : Full Payment
Amount Paid (₹ in figures) _____ (₹ in words) _____	
<input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) Cheque/DD No. _____ Dated D D M M Y Y Drawn on (Bank Name & Branch) _____	<input type="checkbox"/> (B) ASBA Bank A/c No. _____ Bank Name & Branch _____

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS 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.

8A. SIGNATURE OF SOLE/ FIRST APPLICANT	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY) I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue 1) _____ 2) _____ 3) _____	BANK BRANCH'S STAMP
Date : _____, 2015		

TEAR HERE

<b>H.K. TRADE INTERNATIONAL LIMITED PUBLIC ISSUE - NR</b>		<b>Acknowledgement Slip for SCSB / Collection Banker</b>		Application Form No.	
DPID / CLID		PAN			
Received from Mr./ Ms. _____ Address _____ Telephone / Mobile _____ Email _____		No. of Equity Shares applied for	In Figures	In Words	Bank's Stamp & Signature
		Amount (₹)			
		Cheque/Demand Draft dated			
		Instrument No./ASBA Bank A/c No.		Drawn on (Name of the Bank & Branch)	

TEAR HERE

<b>H.K. TRADE INTERNATIONAL LIMITED - PUBLIC ISSUE - NR</b>	No. of Equity Shares	In Figure	In Words	Stamp & Signature of SCSB	Name of Sole / First Applicant
	Amount Paid (₹)				
	Cheque / DD/ASBA Bank A/c No. _____				<b>Acknowledgement Slip for Applicant</b>
	Bank & Branch _____				
				Application Form No.	



#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST APPLICANT

Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- a) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications(including refund orders and letters notifying the unblocking of the bank accounts of ASBA Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- b) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favor of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- c) **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

‘Any person who:

- makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or
- makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,

Shall be liable for action under section 447 of the said Act.’

- d) **Nomination Facility to the Applicant:** In accordance with Section 72 (1) & 72 (2) of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 (3) 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 accordance to Section 72 (4) of the Companies Act, 2013, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Articles of Association of the 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:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

#### **4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE /FIRST APPLICANT**

- a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government. Applications by officials appointed by the courts and Applications by applicants residing in Sikkim ("PAN Exempted Applicants"). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- e) Applications by Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/ DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

#### **4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS**

- a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**
- b) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk.

#### **4.1.4 FIELD NUMBER 4: APPLICATION DETAILS**

- a) The Issuer may mention Price in the Prospectus. However a prospectus registered with RoC contains one price.



b) Minimum And Maximum Application Size

i. For Retail Individual Applicants

The Application must be for a minimum of 8,000 Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application for only minimum Application size i.e. for 1,000 Equity Shares.

ii. For Other Applicants (Non Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 200,000 and in multiples of 8,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB and a NII Applicant cannot withdraw or lower its quantity or price in its application once the application is submitted and is required to pay 100% Margin upon submission of Application. In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2, 00,000 for being considered for allocation in the Non Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

c) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to different Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

d) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

- i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
- ii. For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

e) The following applications may not be treated as multiple Applications:

- i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
- ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.
- iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its subaccounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### 4.1.5 FIELD NUMBER 5: CATEGORY OF APPLICANTS

- i. The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Application, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).



- ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- iii. The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation, applicant may refer to the Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- b) Certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD 7: PAYMENT DETAILS**

- a) All Applicants are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- b) RIIs and/or Reserved Categories applying in their respective reservation portion can apply, either through the ASBA mechanism or by paying the application amount through a cheque or a demand draft ("Non-ASBA Mechanism").
- c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.
- d) 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.
- e) QIBs and NIIs shall participate in the said Issue only through ASBA mechanism.

##### **4.1.7.1 Instructions for non-ASBA Applicants:**

- a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).
- b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the application amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).
- c) If the cheque or demand draft accompanying the Application Form is not made favouring the Escrow Account, the form is liable to be rejected.
- d) Payments should be made by CTS 2010 compliant cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Non CTS 2010 cheques/bank drafts drawn



on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

- e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.
- f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

#### **4.1.7.2 Payment instructions for ASBA Applicants**

- a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.
- b) ASBA Applicants should specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- e) From one ASBA Account, a maximum of five Application Forms can be submitted.
- f) ASBA Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

##### **4.1.7.2.1 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 Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be



transferred to the Public Issue Account, and (iv) details of rejected ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.

- b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

#### **4.1.7.3 Additional Payment Instructions for NRIs**

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 applications by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### **4.1.7.4 Discount (if applicable)**

- a) The Discount is stated in absolute rupee terms.
- b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

#### **4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- b) If the ASBA Account is held by a person or persons other than the ASBA Applicant, then the Signature of the ASBA Account holder(s) is also required.
- c) In relation to the ASBA Applications, signature has to be correctly affixed in the authorization/undertaking box in the Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the application amount mentioned in the Application Form.
- d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

#### **4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.

- a) All communications in connection with Applications made in the Issue should be addressed as under:
  - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Applicants should contact the Registrar to the Issue.
  - ii. In case of ASBA applications submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
  - iii. Applicant may contact the Company Secretary and Compliance Officer or LM(s) in case of any other complaints in relation to the Issue.
- b) The following details (as applicable) should be quoted while making any queries -





- i. full name of the sole or First Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
- ii. In case of Non-ASBA applications cheque or draft number and the name of the issuing bank thereof
- iii. In case of ASBA applications, ASBA Account number in which the amount equivalent to the application amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- b) RII may revise their applications till closure of the Issue period or withdraw their applications until finalization of allotment.
- c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the SCSB through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

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:

COMMON REVISION FORM  
FOR  
ASBA / NON-ASBAH.K. TRADE INTERNATIONAL LIMITED  
PUBLIC ISSUE - RFOR RESIDENT INDIAN, QIB, ELIGIBLE NRIs APPLYING  
ON NON-REPATRIATION BASISTo,  
The Board of Directors  
H.K. Trade International Limited

FIXED PRICE SME ISSUE

ISIN : INE725P01012

Application  
Form No.

Date:

BROKER'S/AGENT'S STAMP & CODE	SUB-BROKER'S/SUB-AGENT'S STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST APPLICANT
		Mr. / Ms. _____
		Address _____
		Email _____
		Tel. No (with STD code) / Mobile _____
BANK BRANCH STAMP & CODE	BANK BRANCH SERIAL NO.	2. PAN OF SOLE / FIRST APPLICANT
		_____
REGISTRAR'S SERIAL NO.		3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS <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

## PLEASE CHANGE MY APPLICATION

4. FROM (AS PER LAST OR REVISION)											
Options	No. of Equity Shares Applied (Application must be in multiples of 8000 Equity Shares)								Price per Equity Share (₹) 18		
	(In Figures)								(In Figures)		
	8	7	6	5	4	3	2	1	Issue Price	Retail Discount	Net Price
Option 1											
(OR) Option 2				NOT APPLICABLE							NOT APPLICABLE
(OR) Option 3				NOT APPLICABLE							NOT APPLICABLE
5. TO (Revised Application)											
Options	No. of Equity Shares (Application must be in multiples of 8000 Equity Shares)								Price per Equity Share (₹) 18		
	(In Figures)								(In Figures)		
	8	7	6	5	4	3	2	1	Issue Price	Retail Discount*	Net Price
Option 1											
(OR) Option 2				NOT APPLICABLE							NOT APPLICABLE
(OR) Option 3				NOT APPLICABLE							NOT APPLICABLE

6. PAYMENT DETAILS (PLEASE TICK (✓) ANY ONE OF PAYMENT OPTION A OR B BELOW)		PAYMENT OPTION : Full Payment
Additional Amount Paid (₹ in figures) _____ (₹ in words) _____		
<input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD)	<input type="checkbox"/> (B) ASBA	
Cheque/DD No. _____ Dated DD MM YY	Bank A/c No. _____	
Drawn on (Bank Name & Branch) _____	Bank Name & Branch _____	
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS REVISION 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 Revision Form given overleaf.		
7A. SIGNATURE OF SOLE/ FIRST APPLICANT	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY)	BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Application in Stock Exchange system)
Date : _____, 2015	1) _____ 2) _____ 3) _____	

TEAR HERE

H.K. TRADE INTERNATIONAL LIMITED REVISION FORM - PUBLIC ISSUE - R		Acknowledgement Slip for SCSB/Collection Banker	Application Form No. _____
DPID / CLID	PAN of Sole / First Applicant		
Additional Amount Paid (₹)	Bank & Branch	Stamp & Signature of Banker	
Cheque / DD/ASBA Bank A/c No.			
Received from Mr./Ms.			
Telephone / Mobile	Email		

TEAR HERE

H.K. TRADE INTERNATIONAL LIMITED REVISION FORM - PUBLIC ISSUE - R	Option 1	Option 2	Option 3	Stamp & Signature of member of Syndicate / SCSB / Registered Broker	Name of Sole / First Applicant
	No. of Equity Shares				
	Price				
	Additional Amount Paid (₹)				
	Cheque / DD/ASBA Bank A/c No.			Application Form No. _____	Acknowledgement Slip for Applicant
	Bank & Branch				



<b>COMMON REVISION FORM FOR ASBA / NON-ASBA</b>		<b>H.K. TRADE INTERNATIONAL LIMITED PUBLIC ISSUE - NR</b>		<b>FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS</b>	
To, The Board of Directors H.K. Trade International Limited		<b>FIXED PRICE SME ISSUE</b> <b>ISIN : INE725P01012</b>		<b>Application Form No.</b> Date:	
<b>BROKER'S/AGENT'S STAMP &amp; CODE</b>  <b>BANK BRANCH STAMP &amp; CODE</b>  <b>REGISTRAR'S SERIAL NO.</b>		<b>SUB-BROKER'S/SUB-AGENT'S STAMP &amp; CODE</b>  <b>BANK BRANCH SERIAL NO.</b>		<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST APPLICANT</b> Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____ <b>2. PAN OF SOLE / FIRST APPLICANT</b> _____ <b>3. INVESTORS 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>					
<b>4. FROM (AS PER LAST OR REVISION)</b>					
<b>Options</b>		<b>No. of Equity Shares Applied (Application must be in multiples of 8000 Equity Shares) (In Figures)</b>		<b>Price per Equity Share (₹) 18 (In Figures)</b>	
		8 7 6 5 4 3 2 1		Issue Price Retail Discount Net Price 3 2 1 3 2 1 3 2 1	
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 (Application must be in multiples of 8000 Equity Shares) (In Figures)</b>		<b>Price per Equity Share (₹) 18 (In Figures)</b>	
		8 7 6 5 4 3 2 1		Issue Price Retail Discount Net Price 3 2 1 3 2 1 3 2 1	
Option 1					
(OR) Option 2		NOT APPLICABLE		NOT APPLICABLE	
(OR) Option 3		NOT APPLICABLE		NOT APPLICABLE	
<b>6. PAYMENT DETAILS (PLEASE TICK (✓) ANY ONE OF PAYMENT OPTION A OR B BELOW)   PAYMENT OPTION : Full Payment</b>					
Additional Amount Paid (₹ in figures) _____ (₹ in words) _____					
<input type="checkbox"/> <b>(A) CHEQUE/ DEMAND DRAFT (DD)</b> <input type="checkbox"/> <b>(B) ASBA</b>					
Cheque/DD No. _____ Dated DD MM YY Bank A/c No. _____					
Drawn on (Bank Name & Branch) _____ Bank Name & Branch _____					
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS REVISION 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 Revision Form given overleaf.					
<b>7A. SIGNATURE OF SOLE/ FIRST APPLICANT</b>		<b>7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY)</b>		<b>BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Application in Stock Exchange system)</b>	
Date : _____, 2015		I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue 1) _____ 2) _____ 3) _____		Application Form No. _____	
TEAR HERE					
<b>H.K. TRADE INTERNATIONAL LIMITED REVISION FORM - PUBLIC ISSUE - NR</b>		<b>Acknowledgement Slip for SCSB / Collection Banker</b>		<b>Application Form No.</b> _____	
DPID / CLID _____		PAN of Sole / First Applicant _____		Stamp & Signature of Banker _____	
Additional Amount Paid (₹) _____ Bank & Branch _____		Cheque / DD/ASBA Bank A/c No. _____		Received from Mr./Ms. _____	
Telephone / Mobile _____ Email _____		Stamp & Signature of member of Syndicate / SCSB / Registered Broker _____		Name of Sole / First Applicant _____	
TEAR HERE		<b>Acknowledgement Slip for Applicant</b>		Application Form No. _____	
<b>Option 1</b> No. of Equity Shares _____ Price _____ Additional Amount Paid (₹) _____ Cheque / DD/ASBA Bank A/c No. _____ Bank & Branch _____		<b>Option 2</b> No. of Equity Shares _____ Price _____ Additional Amount Paid (₹) _____ Cheque / DD/ASBA Bank A/c No. _____ Bank & Branch _____		<b>Option 3</b> No. of Equity Shares _____ Price _____ Additional Amount Paid (₹) _____ Cheque / DD/ASBA Bank A/c No. _____ Bank & Branch _____	

#### **4.3.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT, PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### **4.3.2 FIELD 4 & 5: APPLICATION REVISION ‘FROM’ AND ‘TO’**

- a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.
- b) In case of revision of applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should exceed Rs. 2,00,000/- due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category.

#### **4.3.3 FIELD 6: PAYMENT DETAILS**

- a) With respect to the applications, other than applications submitted by ASBA Applicants, any revision of the application should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the application.
- b) All Applicants are required to make payment of the full application amount along with the Revision Form.
- c) In case of applications submitted by ASBA Applicant, Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

#### **4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### **4.3 SUBMISSION OF REVISION FORM/ APPLICATION FORM**

#### **4.3.1 Applicants may submit completed Application form / Revision Form in the following manner:-**

<b>Mode of Application</b>	<b>Submission of Application Form</b>
Non-ASBA Application	Collection Centres of Escrow Banks
ASBA Application	To the Designated branches of the SCSBs where the ASBA Account is maintained

Applicants should submit the Application forms/ Revision Form directly to the escrow collection banks/ASBA Bankers, as applicable.

## **SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

### **5.1 APPLICANTS MAY NOTE THAT THERE IS NO BID CUM APPLICATION FORM IN A FIXED PRICE ISSUE**

As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through SCSB and/or Bankers to the Issue.

ASBA Applicants may submit an Application Form either in physical form to the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows:

Minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

## 5.2 GROUNDS OF REJECTIONS

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of 8,000;
- Category not ticked;
- Multiple Applications as defined in this Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date, unless the extended time is permitted by BSE

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section the GID.

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BROKERS DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

## SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE



This being Fixed Price Issue, this section is not applicable for this Issue.

## SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

### 7.1 BASIS OF ALLOTMENT

Allotment will be made in consultation with the SME Platform of BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

- a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of Applicants in the category x number of Shares applied for).
- b) The number of Shares to be allocated to the successful Applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- c) For applications where the proportionate allotment works out to less than 8,000 equity shares the allotment will be made as follows:
  - i. Each successful Applicant shall be allotted 8,000 equity shares; and
  - ii. The successful Applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
- d) If the proportionate allotment to an Applicant works out to a number that is not a multiple of 8,000 equity shares, the Applicant would be allotted Shares by rounding off to the nearest multiple of 8,000 equity shares subject to a minimum allotment of 8,000 equity shares.
- e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicants in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 8,000 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 Prospectus.
- f) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Applicants as described below:
  - i. As per Regulation 43 (4) of SEBI (ICDR), as the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
  - ii. The balance net offer of shares to the public shall be made available for allotment to
    - individual applicants other than retails individual investors and
    - other investors, including corporate bodies/ institutions irrespective of number of shares applied for.
  - iii. The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

## 7.2 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 (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account 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 applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus.
- b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. **Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

- c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Applicants Depository Account will be completed within 12 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 12 Working Days of the Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Issue Closing Date.

### 8.2 GROUNDS FOR REFUND

#### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised. If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus. If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, 1956 and as disclosed in the Prospectus.

#### 8.2.2 MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the "stated minimum amount" has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive





the subscription of 100% of the Issue through this offer document including devolvement to Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitutional or additional provisions as has been or may be notified under the Companies Act, 2013).

### 8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allotees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies maybe refunded forthwith.

## 8.3 MODE OF REFUND

- a) **In case of ASBA Applications:** Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.
- b) **In case of Non-ASBA Applications:** Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Applicants and also for any excess amount paid on Application, after adjusting for allocation/ allotment to Applicants.
- c) In case of non-ASBA Applicants, the Registrar to the Issue may obtain from the depositories the Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Applicants in their Application Forms for refunds. Accordingly, Applicants are advised to immediately update their details as appearing on the records of their DPs. 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 Applicants' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.
- d) In the case of applications from Eligible NRIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

### 8.3.1 Mode of making refunds for Applicants other than ASBA Applicants

The payment of refund, if any, may be done through various modes as mentioned below:

- a) **NECS** - Payment of refund may be done through NECS for Applicants having an account at any of the centres specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Applicant as obtained from the Depository;
- b) **NEFT** - Payment of refund may be undertaken through NEFT wherever the branch of the Applicants' 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 Applicants 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 Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- c) **Direct Credit** - Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

- d) **RTGS** - Applicants 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; and
- e) For all the other Applicants, including Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable atpar at places where applications are received.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres etc. Applicants are requested to contact their respective Banks.

### 8.3.2 Mode of making refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA applications or in the event of withdrawal or failure of the Issue.

## 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

Term	Description
Allotment/ Allot/Allotted	The allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	An Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 30% of the QIB Category which may be allocated by the Issuer in consultation with the Lead Manager, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/(ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Applicant
ASBA Application	An Application made by an ASBA Applicant
ASBA Applicant	Prospective /Applicants in the Issue who apply through ASBA
Banker(s) to the	The banks which are clearing members and registered with SEBI as Banker to the Issue

<b>Term</b>	<b>Description</b>
Issue/Escrow Collection Bank(s)/ Collecting Banker	with whom the Escrow Account(s) may be opened, and as disclosed in the Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue
Application	An indication to make an offer during the Issue Period by a prospective pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price including all revisions and modifications thereto.
Issue Closing Date	The date after which the SCSBs may not accept any Application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/ bidders may refer to the Prospectus for the Issue Opening Date
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants (can submit their application inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Application Amount	The value indicated in Application Form and payable by the Applicant upon submission of the Application, less discounts (if applicable).
Application Form	The form in terms of which the Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise.
Applicant	Any prospective investor (including an ASBA Applicant) who makes an application pursuant to the terms of the Prospectus and the Application Form. In case of issues undertaken through the fixed price process, all references to an Applicant should be construed to mean an Bidder/ Applicant
Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009
Lead Manager(s)/Lead Manager/ LM	The Lead Manager to the Issue as disclosed in the Prospectus and the Bid Application Form of the Issuer.
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Companies Act	The Companies Act, 1956 and The Companies Act, 2013 (to the extent notified)
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of

<b>Term</b>	<b>Description</b>
	directors may Allot Equity Shares to successful Applicants in the Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Stock Exchange	The designated stock exchange as disclosed in the Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details /Applicant may refer to the Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants (excluding the ASBA /Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the A applicant Amounts and where applicable, remitting refunds of the amounts collected to the Applicants (excluding the ASBA Applicants) 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
Applicant	The Applicant whose name appears first in the Application Form or RevisionForm
FPI(s)	Foreign Portfolio Investor
Fixed Price Issue/ Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if Applicable
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as Applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Application Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Application Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque Leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds)Regulations, 1996
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less Market Maker Reservation Portion
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FPIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the Prospectus and the Application Form
Non-Resident	A person resident outside India, as defined under FEMA and

<b>Term</b>	<b>Description</b>
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act 1956 read with section 26 of Companies Act 2013, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category Qualified Institutional Buyers or QIBs	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Refund Account(s) Refund Bank(s)	The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/ Applicants), if any, of the whole or part of the Application Amount may be made Refund bank(s) as disclosed in the Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registrar to the Issue /RTI	The Registrar to the Issue as disclosed in the Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application under reservation portion
Reservation Portion	The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who apply for a value of not more than Rs. 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who apply for a value of not more than Rs.200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Applicant in an issue to modify the quantity of Equity Shares in an Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
SME IPO	Initial public offering as chapter XB of SEBI (ICDR) Regulation
SME Issuer	The Company making the Issue under chapter XB of SEBI (ICDR) Regulation
Stock Exchanges/SE	The stock exchanges as disclosed in the Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Underwriters	The Lead Manager(s)
Underwriting Agreement	The agreement dated entered into between the Underwriters and our Company





## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in our Company.

India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GOI ("DIPP") by circular 1 of 2014, with effect from April 17, 2014 ("Circular 1 of 2014"), consolidates and subsumes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government usually updates the consolidated circular on FDI Policy once every Year and therefore, Circular 1 of 2014 will be valid until the DIPP issues an updated circular.

RBI has also issued Master Circular on Foreign Investment in India dated July 01, 2014 which is valid till June 30, 2015. In terms of the Master Circular, an Indian company may issue fresh shares to persons resident outside India (who are eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

The transfer of shares by an Indian resident to a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI. Further, in terms of the Consolidated FDI Policy, prior approval of the RBI shall not be required for transfer of shares between an Indian resident and person not resident in India if conditions specified in the Consolidated FDI Policy have been met. 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 transfer of shares of an Indian company by a person resident outside India to an Indian resident, where pricing guidelines specified by RBI under the foreign exchange regulations in India are not met, will not require approval of the RBI, provided that (i) the original and resultant investment is in line with Consolidated FDI policy and applicable foreign exchange regulations pertaining to inter alia sectoral caps and reporting requirements; (ii) the pricing is in compliance with applicable regulations or guidelines issued by SEBI; and (iii) a compliance certificate in this regard is obtained from chartered accountant and attached to the filings made before the authorised dealer bank.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**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 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 PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

These Articles of Association were adopted in substitution for and to the entire exclusion of the earlier Articles of Association at the Extra-ordinary General Meeting of the Company held on February 20, 2015.

### Table “F”

The regulations contained in Table ‘F’ in Schedule I to the Companies Act, 2013 (“Table ‘F’”), as are applicable to a public company limited by shares, shall apply to the company so far as they are not inconsistent with any of the provisions contained in these regulations or modifications thereof and only to the extent that there is no specific provision in these regulations. In case of any conflict between the provisions of these articles and Table ‘F’, the provisions of these articles shall prevail.

The following regulations viz. 20(a), 27, 48 and 76 of Table “F” in the said Schedule shall not apply to the Company.

### Share Capital and variation of Rights

2. The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may from time to time be provided in Clause V of the Memorandum of Association of the Company with the power to increase or reduce such capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power also to divide the shares in the capital for the time being into equity share capital and preference share capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions, in accordance with the provisions of the Act and these Articles.
3. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of Board the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
4. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be, if the price of such shares is determined by the valuation report of a registered valuer and such issuance and allotment is approved by a special resolution of the shareholders of the company.
5. The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:
  - a. Equity share capital: (i). with voting rights; and / or (ii). with differential rights as to dividend, voting or otherwise in accordance with the Rules; and
  - b. Preference share capital
6. 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 one month after the application for the registration of transfer or transmission or within such other period as the conditions Issue of certificate of issue shall be provided:
  - a. one certificate for all his shares without payment of any charges; or
  - b. several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
  - c. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
  - d. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
7. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.





8. The provisions of the Articles 6 and 7 above, relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.  
Provided that, notwithstanding what is stated above, the Directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other Act or rules applicable in this behalf.
9. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
10. Subject to the provision of section 40 of the Act and rules thereof, the company may exercise the powers of paying commissions conferred by the Act, to any person in connection of the securities, provided that
  - a. the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.
  - b. the rate or amount of the commission shall not exceed the rate or amount prescribed in the Act, and rules made there under.
  - c. the commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
11.
  - a. 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 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 the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class, as prescribed under the Act.
  - b. 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. Provisions as to general meetings to apply mutatis mutandis to each meeting
12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
13. Subject to the provisions section 55 of the Act and Rules thereof, the Company shall have the power to issue Preference Shares which are or at the option of the Company are liable to be redeemed on or within the expiry of a period of 20 years from the date of their issue and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.
14.
  - a. The Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to
    - i. persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
    - ii. employees under any scheme of employees' stock option, subject to approval by the shareholders of the company by way of a special resolution; or
    - iii. any persons, whether or not those persons include the persons referred to in clause (i) or clause (ii) above, subject to approval by the shareholders of the company by way of a special resolution.
  - b. A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement or public issue, subject to and in accordance with the Act and the Rules.
15. Subject to the provisions of the Act and other applicable provisions of law, the Company may with the approval of the shareholders by a special resolution in general meeting issue sweat equity shares in accordance with such rules and guidelines issued by the Securities and Exchange Board of India and/or other competent authorities for the time being and further subject to such conditions as may be prescribed in that behalf.
16. Any debentures, debenture-stock or other securities may be issued subject to the provisions of the Act and these Articles, at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any special privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the general meeting, appointment of directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the general meeting by way of a special resolution.



## **Lien**

17. The company shall have a first and paramount lien
  - a. on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - b. on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:  
Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
  - c. The company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares.
18. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien, Provided that no sale shall be made:
  - 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.
19. To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
20. The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
21. The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
22. In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognize any equitable or other claim to, or interest in, such share on the part of any Outsider's lien not to effect Company's lien other person, whether a creditor of the registered holder or otherwise.
23. The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the Company.

## **Sub-Division and Consolidation of Share Certificates**

24. The Board may allow for sub-division/consolidation of share certificates.
25. Notwithstanding anything contained these Articles, the Directors of the Company may in their absolute discretion refuse subdivision of share certificates or debenture certificates into denominations of less than the marketable lots except where such subdivision is required to be made to comply with a statutory provision or an order of a competent court of law.

## **Dematerialize of Shares, Dentures and other Securities**

26. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its shares, debentures and other securities and to offer any shares, debentures or other securities proposed to be issued by it for subscription in a dematerialized form and on the same being done, the Company shall further be entitled to maintain a Register of Members/ Debenture-holders/ other Security holders with the details of members/ debenture-holders/ other security holders holding shares, debentures or other securities both in materialized and dematerialized form in any media as permitted by the Act.
27. Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities in electronic form with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottee as the Beneficial Owner of the Security.
28. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares, debentures and other securities in the records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus on shares, interest/premium on debentures and other



securities and repayment thereof or for service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except Beneficial owner deemed as absolute owner as ordered by the Court of competent jurisdiction or as by law required and except as aforesaid) be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such shares, debentures or other securities as the case may be, on the part of any other person whether or not it shall have express or implied notice thereof.

29. In the case of transfer of shares, debentures or other securities where the Company has not issued any certificates and where such shares, debentures or other securities are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply. Provided that in respect of the shares and securities held by the depository on behalf of a beneficial owner, provisions of Section 9 of the Depositories Act shall apply so far as applicable.
30. Every Depository shall furnish to the Company, information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws of the Depository and the Company in that behalf.
31. Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in electronic form so far as they apply to shares in physical form subject however to the provisions of the Depositories Act. Provided that, nothing contained in these Articles shall apply to the transfer of shares, debentures or other marketable securities effected by the transferor and the transferee, both of whom are entered as beneficial owners in the record of depository.

#### **Notice of Call, its revocation and postponement**

32. The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. Board may make call by giving (i) at least fourteen days' notice of any call specifying the time and place of payment, and to whom such call shall be paid. (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares. (iii) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances. (iv) A call may be revoked or postponed at the discretion of the Board.
33. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
34. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
35. 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 such rate as the Board may determine. However the Board shall be at liberty to waive payment of any such interest wholly or in part.
36. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. (ii) 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.
37. The Board: (i) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and (ii) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.
38. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.
39. All calls shall be made on a uniform basis on all shares falling under the same class.
40. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money



which shall from time to time be due from any member in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

41. The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

### **Transfer and Transmission of shares**

42. (i) The instrument of transfer of any share in the company which is in physical form shall be executed by or on behalf of both the transferor and transferee. (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
43. The Company shall not register a transfer of shares or debentures of the Company held in physical form except on production of instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificates relating to the shares or debentures, or if no such certificate is in existence, along with the letter of allotment of the shares or debentures: Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost or where the instrument of transfer has not been delivered within the prescribed period, the Company may register the transfer on such terms as to indemnity as the Board may think fit: Provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder or debenture holder any person to whom the right to any shares in, or debentures of, the Company has been transmitted by operation of law.
44. In case of shares held in physical form, the Board may, subject to the right of appeal conferred by the Act decline to register any transfer of shares on which the company has a lien.
45. A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representatives shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.
46. Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered, unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the date of receipt of the notice. For the purpose of above clause notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer, and shall be deemed to have been duly delivered upon the expiry of 7 days from the date of dispatch.
47. In case of shares held in physical form, the Board may decline to recognize any instrument of transfer unless: (i) the instrument of transfer is in the form as prescribed in rules made under the Act, (ii) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (iii) the instrument of transfer is in respect of only one class of shares.
48. If the Company refuses to register the transfer of any share pursuant to these Articles, it shall within thirty days from the date on which the instrument of transfer was delivered to the Company send notice of refusal to the transferee and transferor.
49. The registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever, except when the company has a lien on the shares.
50. All instruments of transfer shall be retained by the Company, but any instrument of transfer which the Directors may decline shall be returned to the person depositing the same.
51. The Company may, after giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situate, close the register of members or the register of debenture-holders for any period or periods not exceeding in the whole forty-five days in each year, but not exceeding thirty days at any one time.
52. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares. (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
53. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either— (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made. (ii) The Board shall, in either case,



- have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
54. The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.
55. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share. (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
56. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
57. The provisions of these Articles relating to transfer and transmission by operation of law shall mutatis mutandis apply to any other securities including debentures of the Company.
58. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

#### **Forfeiture of shares**

59. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
60. The notice aforesaid shall:
- a. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - 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.
61. 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.
62. When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.
63. The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.
64. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
65. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares. (ii) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realization. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares Member still liable to pay money owing at time of forfeiture and interest at the time of forfeiture or waive payment in whole or in part. (iii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
66. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share; (ii) 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 of; (iii) The





- transferee shall thereupon be registered as the holder of the share; (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
67. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of member in respect of such shares, the validity of the sale shall not be impeached by any persons and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
68. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.
69. The Board may, subject to the provisions of the Act, accept a surrender of the share certificate for any forfeited share from or by any member desirous of surrendering those on such terms as they think fit.
70. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment 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.
71. The provisions of these Articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

#### **Alteration of capital**

72. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
73. Subject to the provisions of section 61 of the Act, the company may, by ordinary resolution:
- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - subdivide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
  - cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
74. Where shares are converted into stock;
- the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:  
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
  - the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
  - such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.
75. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law:
- its share capital;
  - any capital redemption reserve account; or
  - any share premium account
76. Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles; (i) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share. (ii) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained



shall be taken to release the estate of a deceased joint-holder from any liability on shares held.. (iii) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share. (iv) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders. (v) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to vote in preference to a joint-holder present by attorney or by proxy although the name of such joint-holder present by any attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares. (vi) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders. (vii) The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.

### Capitalization

77.

- (i) The company in general meeting may, upon the recommendation of the Board, resolve (a.) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and b. that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in these articles either in or towards (a) paying up any amounts for the time being unpaid on any shares held by such members respectively; (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; (c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause (b);
- (iii) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (iv) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

78. Whenever such a resolution as aforesaid shall have been passed, the Board shall: (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and (b) generally do all acts and things required to give effect thereto.

79. The Board shall have power (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;

### Buy-back of shares

80. Notwithstanding anything contained in these articles but subject to the provision of section 68 to 70 of the Act and SEBI (Buy Back of Securities) Regulations and any other law for the time being in force, the company may purchase its own shares or other specified securities.

81. The Company shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding company, save as provided by the Act.

### General Meetings

82.

- a. All general meetings other than annual general meeting shall be called extraordinary general meeting.
- b. Subject to the provisions contained in Section 96 and 129 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting,





- and shall specify, the meeting as such in the notice calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.
- c. Every annual general meeting shall be called at any time during business hours that is between 9 am to 6 pm, on a day that is not a National Holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated, and the notice calling the meeting shall specify it as the annual general meeting.
- 83.
- a. The Board may, whenever it thinks fit, call an extraordinary general meeting.
  - b. 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.
  - c. A general Meeting of the Company may be called by giving not less than clear twenty one days' notice in writing or through electronic mode in such manner as may be prescribed
  - d. A General Meeting of the Company may be called after giving shorter notice than that specified in clause(c), if consent is accorded thereto by not less than ninety-five per cent of the members entitled to vote at such meeting;
84. 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.
85. Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103 of the Act.
86. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
87. No business shall be discussed or transacted at any general meeting whilst the chair is vacant, except election of Chairperson.
88. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
89. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically choose one of their members to be Chairperson of the meeting.
90. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
91. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.
92. (i) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered. (ii) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting not to be included in the minutes books (a) is, or could reasonably be regarded, as defamatory of any person; or (b) is irrelevant or immaterial to the proceedings; or (c) is detrimental to the interests of the Company. (iii) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause. (iv) The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.
93. (i) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall:
- a. be kept at the registered office of the Company; and
  - b. be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays. (ii) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (i) above, Provided Members may obtain copy of the minutes that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.

### **Adjournment of Meeting**

94.



- a. If within half an hour from the time appointed for holding a meeting of quorum is not present, the meeting, (i) if called upon by requisition of members, shall stand dissolved. (ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board may determine.
  - b. If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.
  - c. where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
95. (i) The Chairperson may with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place. (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Notice of adjourned meeting (iv) Save as aforesaid, and as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **Voting Rights**

96. 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 in proportion to his share in the paid-up equity share capital of the company.
97. Where a poll is to be taken, the Chairman of the meeting shall appoint such numbers of Scrutinizers at poll persons, as he deems necessary to scrutinize the poll process and votes given on the poll and to report thereon to him;
98. The Chairman shall have power, at any time before the result of the poll is declared to remove a scrutinizer from office and to fill vacancies in the office of scrutinizer arising from such removal or from any other cause;
99. A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.
- 100.(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
101. 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. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.
102. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares.
103. Any business other than that upon which a poll has been demanded may be proceeds with pending the taking of the poll.
104. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid or in regard to which the Company has exercised any right of lien.
105. A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.
- 106.(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
107. Any member shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

### **Proxy**



108. Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.
109. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized 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.
110. An instrument appointing a proxy shall be in the form as prescribed in the rules made under the Act.
111. 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**

112. Unless otherwise determined by the Company in general meeting, the numbers of directors shall not be less than 3 (three) and shall not be more than 15 (fifteen).
113. The following shall be the first Directors of the Company.
1. Mr. Mahesh I. Mehta
  2. Mr. Chintan M Mehta
  3. Ms. Daksha M Mehta
114. The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company, subject to section 203 of the Act.
115. The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- 116.
- i. The remuneration payable to the directors, including to any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary resolution passed by the Company in general meeting.
  - ii. In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or (b) in connection with the business of the company.
  - iii. The fees payable to the Director for attending the meeting of the Board or Committee thereof or a General Meeting shall be decided by the Board of Directors from time to time within the maximum limits of such fees that may be prescribed under the Act or the Rules.
117. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
118. Subject to the provisions of section 149 of the Act, the Board shall have power at any time, and from time to time, (i) 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. (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
119. The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.
120. An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.
121. If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.
122. If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.
123. The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated
124. The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or



- otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.
125. The Directors may, from time to time, at their discretion, raise or borrow, or secure the payment of, any sum or sums of money for the purposes of the Company; Provided that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not at any time except with the consent of the Company by way of special resolution in general meeting exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set part for any specific purpose.
126. The Directors, with shareholders' consent where required by the Act and Rules, may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and, in particular, by the issue of debentures or debenture-stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
127. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. (ii) The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time summon a meeting of the Board.
128. A meeting of the Board of Directors shall be held at least once in every three calendar months and not more than a period of 120 days shall lapse between two Board meetings.
129. Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the Company or through the others means as may be provided in the Act from time to time.
130. The quorum for a Board meeting shall be as provided in the Act.
131. 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.
132. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
133. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
134. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
135. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit. (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
136. The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
137. (i) A committee may elect a Chairperson of its meetings. (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
138. (i) A committee may meet and adjourn as it thinks fit. (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
139. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they Acts of Board or Committee valid notwithstanding defect of appointment or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
140. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.



### **Chief Executive Officer, Manager, Company Secretary, Whole Time Director Chief Financial Officer**

141. Subject to the provisions of the Act (i) A chief executive officer, manager, company secretary, Whole Time Director, 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.
142. Any provision of the Act or regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by 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.
143. (i) Subject to the provisions of the Companies Act, the Directors may from time to time appoint one or more of their member to be the Managing Director of the Company, in accordance with the provisions of the Act and the Rules (ii) A Managing Director so appointed shall exercise the powers and authorities conferred upon him by an agreement entered into between him and the Company and/or by a Resolution of the Board and be subject to the obligations and restrictions imposed upon him thereby or by the Act.

### **Execution of Negotiable Instruments**

144. 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 instruments.

### **Statutory Registers**

145. The Company shall keep and maintain at its registered office all statutory registers including, register of charges, register annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, other than Saturdays, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules.
146. The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register. The foreign register shall be open for inspection and extracts may be taken therefrom in the same manner, mutatis mutandis, as is applicable to the register of members.

### **The Seal**

147. The Company shall have a Common Seal and the Directors shall provide for the safe custody thereof. The Seal shall not be affixed to any instrument except; (i) by the authority of a Resolution of the Board of Directors or a committee of the Board authorized in that behalf, and (ii) in the presence of at least two Directors or one Director and the Secretary of the Company or such other person as the Board may appoint for the purpose, who shall sign every instrument to which the Seal is so affixed. Such signatures shall be conclusive evidence of the fact that the seal has been properly affixed.

### **Dividends and Reserve**

148. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
149. Subject to the provisions of section 123 of the Act, 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.
150. (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 only to be paid out of profits; 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.
151. (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.
152. 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.
153. The Board may retain dividends payable upon shares in respect of which any person is, under the transmission clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.
154. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or 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.
155. 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.
156. 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.
157. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.
158. No dividend shall bear interest against the company.
159. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law;

### **Inspection of Books of Accounts**

160. (i) 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. (ii) 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 authorized by the Board or by the company in general meeting.

### **Winding up of Company**

161. Subject to the provisions of Chapter XX of the Act and rules made thereunder
- If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
  - For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
  - The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **Indemnity and Insurance**

162. Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or



deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.

163. Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending an proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.

164. The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

#### **General Power**

165. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

#### **Secrecy Clause**

166. Subject to the provisions of the Companies Act, no member shall be entitled to require discovery of any information respecting any detail of the Company's trading or any matter in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board of Directors it may be inexpedient in the interest of the Company to communicate to the public.



## 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 entered into more than two years before the date of the Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Prospectus, delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 11.00 am to 5.00 pm on Working Days from the date of the Prospectus until the Issue Closing Date.*

#### **Material Contracts**

1. Memorandum of Understanding dated March 7, 2015 between our Company and the Lead Manager i.e. Intensive Fiscal Services Private Limited.
2. Memorandum of Understanding dated February 7, 2015 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated August 12, 2015 between our Company, the Lead Manager, Escrow Collection Banks, and the Registrar to the Issue.
4. Underwriting Agreement dated March 16, 2015 between our Company and the Lead Manager - Intensive Fiscal Services Private Limited and the Market Maker – K. M. Jain Stock Brokers Pvt. Ltd.
5. Market Making Agreement March 16, 2015 between the Company, the Lead Manager - Fiscal Services Private Limited and the Market Maker - K.M. Jain Stock Brokers Pvt. Ltd.
6. Tripartite agreement between the NSDL, our Company and the Registrar dated December 20, 2013.
7. Tripartite agreement between the CDSL, our Company and the Registrar dated November 13, 2013.

#### **Material Documents**

1. Certificate of Incorporation.
2. Certificate of Commencement of Business.
3. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
4. Resolution of the Board of Directors meeting dated January 15, 2015, authorising the Issue.
5. Resolution of the shareholders passed at the Extra Ordinary General Meeting dated February 20, 2015 authorising the Issue.
6. Report of the Peer Review Auditor dated August 08, 2015 from M/s. Talati & Talati, Chartered Accountants., on our Company's restated financial statements for the years ended March 31, 2011, 2012, 2013, 2014 and 2015.
7. Copy of the Statement of Tax Benefits dated August 10, 2015 issued by the Statutory Auditors of the Company M/s. Nirmal Nahata & Associates, Chartered Accountants.
8. Consents of Statutory Auditors, Peer Reviewed Auditors, Banker to the Company, Lead Manager, Legal Advisor to this Issue, Directors, Promoter, Company Secretary, Compliance Officer, Chief Financial Officer, Registrar to this Issue, Experts, Market Maker, Underwriters and Escrow Collection Bank(s), Refund Bank(s) as referred to, in their respective capacities.
9. Due Diligence certificate(s) dated August 18, 2015 of the Lead Manager to be submitted to SEBI along with the filing of the Prospectus.
10. Approval from BSE vide letter In-principle listing approvals dated May 29, 2015 to use the name of BSE in this Offer Document for listing of Equity Shares on from the SME Platform of the BSE.

Any of the contracts or documents mentioned in the Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

*We, the Directors of the Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified) and the guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Prospectus is contrary to the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified, the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Prospectus are true and correct.*

### **SIGNED BY THE DIRECTORS OF OUR COMPANY**

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Mr. Mahesh Mehta, Chairman and Managing Director

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Mrs. Megha Chandawalla, Non-Executive Director

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Mr. Santosh Sawant, Independent Director

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Mr. Kamlesh Kapadia, Independent Director

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Mr. Chintan Mehta, Chief Financial Officer

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Mr. Deep Shah  
Company Secretary & Compliance Officer

Date: August 18, 2015  
Place: Mumbai