



## PAR DRUGS AND CHEMICALS LIMITED

Our Company was originally incorporated as “Par Drugs and Chemicals Private Limited” as a Private Limited Company under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated February 26, 1999, bearing Registration Number 04-35512 of 1998-99, issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into Public Limited Company pursuant to a special resolution passed by members in an Extra Ordinary General Meeting held on October 24, 2018. Consequently, the name of our company was changed to “Par Drugs and Chemicals Limited” vide a fresh Certificate of Incorporation dated November 5, 2018, issued by the Registrar of Companies, Ahmedabad. The Corporate Identification Number of our Company is U24117GJ1999PLC035512. For details of change in name and address of our Registered Office, see “Our History and Certain Corporate Matters” on page 141 of this Prospectus.

**Registered Office:** 805, Dwarkesh Complex, R.C. Dutt Road, Alkapuri, Vadodara-390 007, Gujarat; **Tel:** +91 265 2332018

**Corporate Office:** 302, Anmol Plaza, Waghawadi Road, Bhavnagar - 364001, Gujarat; **Tel:** +91 278 2435400

**Contact Person:** Sanket Bhupendrabhai Trivedi, Company Secretary and Compliance officer;

**Tel:** +91 278 2447013; **E-mail:** [cs.sanket@pardrugs.com](mailto:cs.sanket@pardrugs.com); **Website:** [www.pardrugs.com](http://www.pardrugs.com)

### PROMOTERS OF OUR COMPANY: FALGUN VALLABHBHAI SAVANI AND JIGNESH VALLABHBHAI SAVANI

#### THE ISSUE

INITIAL PUBLIC OFFER CONSISTING OF FRESH ISSUE OF 16,72,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FULLY PAID OF PAR DRUGS AND CHEMICALS LIMITED (“THE ISSUER” OR “OUR COMPANY”) FOR CASH AT A PRICE OF ₹ 51/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 41/- PER EQUITY SHARE) (THE “ISSUE PRICE”) AGGREGATING ₹ 852.72 LAKHS (THE “ISSUE”) OF WHICH 84,000 EQUITY SHARES OF FACE VALUE ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ 51/- PER EQUITY SHARE, AGGREGATING ₹ 42.84 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”) AND 30,000 EQUITY SHARES OF FACE VALUE ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ 51/- PER EQUITY SHARE, AGGREGATING ₹ 15.30 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) WHICH CONSTITUTE 0.49% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL (“EMPLOYEE RESERVATION PORTION”). THE ISSUE LESS MARKET MAKER RESERVATION PORTION AND EMPLOYEE RESERVATION PORTION I.E. ISSUE 15,58,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ 51/- PER EQUITY SHARE IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 27.18 % AND 25.32 %, RESPECTIVELY OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

#### THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH AND THE ISSUE PRICE OF ₹ 51/- IS 5.1 TIMES OF THE FACE VALUE OF THE EQUITY SHARES

THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER IX OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE “SEBI ICDR REGULATIONS”), AS AMENDED. IN TERMS OF RULE 19(2)(B)(I) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED (THE “SCRR”), THIS ISSUE IS BEING MADE FOR AT LEAST 25% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THIS ISSUE IS A FIXED PRICE ISSUE AND ALLOCATION IN THE NET ISSUE TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 253 OF THE SEBI (ICDR) REGULATIONS 2018, AS AMENDED. FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED “ISSUE PROCEDURE” BEGINNING ON PAGE 211 OF THIS PROSPECTUS.

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the potential investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI (Unified Payment Interface) as a payment mechanism with Application Supported by Blocked Amount for making application. For details in this regards, specific attention is invited to the chapter titled “Issue Procedure” beginning on page 211 of this Prospectus. A copy of Prospectus has been delivered for registration to the Registrar of Companies as required under Section 26 of the Companies Act, 2013.

#### RISK IN RELATION TO FIRST ISSUE

This being the first public Issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹10/- each. The Issue Price as stated in “Basis for Issue Price” on page 89 of this Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed on the EMERGE Platform of the National Stock Exchange of India Limited. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section “Risk Factors” beginning on page 26 of this Prospectus.

#### 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 our Company 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The Equity Shares of our Company offered through this Prospectus are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited (“NSE EMERGE”), in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. Our Company has received an In-Principal approval letter dated April 25, 2019 from National Stock Exchange of India Limited for using its name in the Offer document for listing of our shares on the EMERGE Platform of National Stock Exchange of India Limited. For the purpose of this Issue, National Stock Exchange of India Limited shall be the Designated Stock Exchange.

#### LEAD MANAGER TO THE ISSUE

##### PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED

406-408, Keshava Premises, Behind Family Court,  
Bandra Kurla Complex, Bandra East, Mumbai – 400 051,  
Maharashtra, India

**Tel:** +91-22 6194 6700

**Fax:** +91-22 2659 8690

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

**Email:** [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)

**Investor Grievance Id:** [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)

**Contact Person:** Hardik Bhuta

**SEBI Registration No:** INM000012110



#### REGISTRAR TO THE ISSUE

##### LINK INTIME INDIA PRIVATE LIMITED

C-101, 1<sup>st</sup> Floor, 247 Park, L.B.S. Marg, Vikhroli (West),  
Mumbai – 400 083, Maharashtra, India

**Tel:** +91 22 4918 6200

**Fax:** +91 22 4918 6195

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

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

**Investor Grievance Id:** [pardrugs.ipo@linkintime.co.in](mailto:pardrugs.ipo@linkintime.co.in)

**Contact Person:** Shanti Gopalkrishnan

**SEBI Registration Number:** INR000004058



#### ISSUE PROGRAMME

ISSUE OPENS ON : May 03, 2019, FRIDAY

ISSUE CLOSES ON: May 08, 2019, WEDNESDAY

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

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments, modifications or reenactments notified thereto.

Notwithstanding the foregoing, terms in “Description of Equity Shares and Terms of the Articles of Association”, “Statement of Possible Tax Benefits”, “Industry Overview”, “Key Industry Regulations and Policies”, “Financial Statements”, Outstanding Litigations and Material Developments”, will have the meaning ascribed to such terms in these respective sections.

Term	Description
“Our Company”, “the Company” or “the Issuer Company”	Par Drugs and Chemicals Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 805, Dwarkesh Complex R.C. Dutt Road, Alkapuri Vadodara-390007 Gujarat, India and Corporate Office at 302, Anmol Plaza, Waghawadi Road, Bhavnagar 364001
“We”, “our” or “us”	Unless the context otherwise indicates or implies, refers to our Company.

### COMPANY RELATED TERMS

Term	Description
AOA/Articles / Articles of Association	The Articles of Association of our Company, as amended from time to time.
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Section 177 of the Companies Act, 2013 and rules made thereunder vide Board Resolution dated February 27, 2019 and disclosed as such in the chapter titled “ <i>Our Management</i> ” on page 144 of this Prospectus.
Banker to the Company	Such banks which are disclosed as bankers to the Company in the chapter titled “ <i>General Information</i> ” on page 54 of this Prospectus.
Board of Directors / the Board / Our Board / Directors	The Board of Directors of our Company, including all duly constituted Committees thereof.
Chairman/ Chairperson	The Chairman/ Chairperson of Board of Directors of our Company being Falgun Vallabhbhai Savani
Chief Financial Officer / CFO	The Chief Financial Officer of our Company being Chintan Chauhan.
CIN	Corporate Identification Number of our Company U24117GJ1999PLC035512
Company Secretary and Compliance Officer / (CS)	The Company Secretary and Compliance Officer of our Company being Sanket Trivedi
Corporate Office(s)	The corporate office of our Company situated at 302, Anmol Plaza, Waghawadi Road, Bhavnagar 364001.
Equity Shares/Shares	The equity shares of our Company of a face value of ₹10/- each unless otherwise specified in the context thereof
Equity Shareholders / Shareholders	The holders of the Equity Shares of our Company

Term	Description
Group Companies	Such companies as are included in the chapter titled “ <i>Our Group Companies</i> ” beginning on page 163 of this Prospectus.
Independent Director	The Independent Director(s) of our Company as disclosed in the chapter titled “ <i>Our Management</i> ” on page 144 of this Prospectus.
ISIN	International Securities Identification Number. In this case being INE04LG01015
Key Managerial Personnel / KMP	Key managerial personnel of our Company in terms of Section 2(51) of the Companies Act, 2013 and Regulation 2(1)(bb) of the SEBI (ICDR) Regulations and as identified in chapter titled “ <i>Our Management</i> ” on page 144 of this Prospectus
Materiality Policy	The policy adopted by our Board on February 27, 2019 for identification of Group Companies, material outstanding litigation and material dues outstanding to creditors in respect of our Company, pursuant to the disclosure requirements under the SEBI ICDR Regulations.
MD or Managing Director	The managing director of our Company being Falgun Vallabhbhai Savani
MoA/ Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time
Nomination & Remuneration Committee	The committee of the Board of Directors constituted as the Company’s Nomination & Remuneration Committee in accordance with Section 178(1) of the Companies Act, 2013 and rules made thereunder vide Board resolution dated February 27, 2019 and disclosed as such in the chapter titled “ <i>Our Management</i> ” on page 144 of this Prospectus.
Promoter(s)	Promoters of our Company being Falgun Vallabhbhai Savani and Jignesh Vallabhbhai Savani.
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(pp) of the SEBI (ICDR) Regulations and as enlisted in the chapter titled “ <i>Our Promoters and Promoter Group</i> ” beginning on page 160 of this Prospectus.
Registrar of Companies/ RoC	Registrar of Companies, situated at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013 Gujarat.
Registered Office	The registered office of our Company situated at 805, Dwarkesh Complex R.C. Dutt Road, Alkapuri Vadodara-390007, Gujarat, India.
Stakeholders’ Relationship Committee	The committee of the Board of Directors constituted as the Company’s Stakeholders’ Relationship Committee in accordance with Section 178 of the Companies Act, 2013 and rules made thereunder vide Board resolution dated February 27, 2019 and disclosed as such in the chapter titled “ <i>Our Management</i> ” on page 144 of this Prospectus.
Statutory Auditors or Auditors	The Statutory Auditors of our Company being M/s. V Dhamsania & Associates holding a valid peer review certificate dated February 11, 2019.
“you”, “your” or “yours”	Prospective Investors in this Issue

## ISSUE RELATED TERMS

Term	Description
Acknowledgement Slip	The acknowledgement slips or document issued by the Designated Intermediary to an Applicant as proof of registration of Application.
Allot / Allotment /Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Issue of Equity Shares to the successful Applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allottee(s)	A successful Applicants to whom the Equity Shares are being Allotted
Applicant / ASBA Applicant / Bidders	Any prospective investor who makes an application pursuant to the terms of this Prospectus and the Application Form and unless otherwise stated or implied, includes an ASBA Applicant
Application / Bid	An indication to make an issue during the Issue Period by an Applicant, pursuant to submission of Application Form, to subscribe for or purchase our Equity Shares at the Issue Price including all revisions and modifications thereto, to the extent permissible under the SEBI (ICDR) Regulations.
Application Amount	The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form.
Application Supported by Blocked Amount/ ASBA	An application for subscribing to the Issue, along with an authorization to self-certified syndicate bank to block the application money in a bank account.
ASBA / Location(s) / Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, Vadodara and Bhavnagar.
ASBA Account	Account maintained with an SCSB and specified in the Application Form which will be blocked by such SCSB or account of the RIIs blocked upon acceptance of UPI Mandate request by RIIs using the UPI mechanism to the extent of the appropriate Bid / Application Amount in relation to a Bid / Application by an ASBA Applicant.
ASBA Form / Application Form	An application form, whether physical or electronic, used by ASBA Applicants to submit Applications which will be considered as the application for Allotment in terms of this Prospectus
Banker to the Issue/ Refund Banker/ Public Issue Bank	The bank which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account and Refund Account will be opened and in this case being ICICI Bank Limited.
Bankers to the Issue Agreement / Cash Escrow Agreement / Escrow Agreement	Banker to the Issue Agreement entered on April 23, 2019 amongst our Company, Lead Manager, the Registrar to the Issue and Public Issue Bank/ Banker to the Issue for collection of the Application Amount on the terms and conditions thereof.
Basis of Allotment	The basis on which the Equity Shares will be allotted to successful Applicants under the Issue, described in “ <i>Issue Procedure</i> ” on page 211 of this Prospectus
Broker Centers	Broker centers notified by the Stock Exchange, where the Applicants can submit the Application Forms to a Registered Broker. The details of such broker centers, along with the name and contact details of the Registered Brokers, are available on the website of the NSE Limited on the following link- <a href="http://www.nseindia.com">www.nseindia.com</a>



Term	Description
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.
Client ID	Client identification number of the Applicant's beneficiary account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018 issued by SEBI
Collecting Registrar and Share Transfer Agent	Registrar to an Issue and share transfer agents registered with SEBI and eligible to procure Bids / Application at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collection Centers	Centers at which the Designated intermediaries shall accept the Application Forms, being the Designated SCSB Branch for SCSBs, specified locations for broker center for registered brokers, designated RTA Locations for RTAs and designated CDP locations for CDPs
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Demographic Details	The details of the Applicants including the Applicants address, names of the Applicants father/husband, investor status, occupations and bank account details
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Designated CDP Locations	Such centers of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ) and updated from time to time
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts specified by the ASBA Applicants to the Public Issue Account and/or Refund Account and /or are unblocked, as applicable, in terms of this Prospectus.
Designated Intermediaries / Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a Registered Broker, Designated CDP Locations for CDP, a Registrar to an Issue and Share Transfer Agent (RTA) (whose names are mentioned on website of the stock exchange as eligible for this activity).
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ).



Term	Description
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange/ Stock Exchange	National Stock Exchange of India Limited.
Draft Prospectus	The Draft Prospectus dated March 29, 2019, filed with Emerge Platform of NSE Limited
Eligible Employee	Permanent employees, working in India or outside India, of the Company or of the Promoters, Subsidiaries or a Director of the Company, whether whole-time or not, as on the date of the registration of this Prospectus with the RoC, but not including (i) Promoters; (ii) persons belonging to the Promoter Group; or (iii) Directors who either themselves or through their relatives or through anybody corporate, directly or indirectly, hold more than 10% of the outstanding equity shares of the Company
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom this Prospectus constitutes an invitation to subscribe to the Equity Shares Issued herein
Employee Reservation Portion	The portion of the Issue being 30,000 Equity Shares aggregating to ₹ 15.30 Lakhs, available for allocation to Eligible Employees, on a proportionate basis.
Equity Shares	The Equity shares of our Company having a face value of ₹10/-, unless otherwise specified in the context thereof
FII/Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India
First Applicant/ Applicant	Applicant whose name shall be mentioned in the Application Form or the Revision Form and in case of joint application, whose name shall also appear as the first holder of the beneficiary account held in joint names
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circulars (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018 notified by the SEBI.
Issue / Issue Size / Public Issue	The Initial Public Issue of 16,72,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 51/- each, aggregating to ₹ 852.72 lakhs comprising the Fresh Issue.
Issue Agreement	The agreement dated March 12, 2019 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	The date after which Designated Intermediary will not accept any Application for this issue, which shall be the date notified in an English national newspaper, Hindi national newspaper and a regional newspaper each with wide circulation

Term	Description
	as required under the SEBI (ICDR) Regulations. In this case being May 08, 2019.
Issue Opening Date	The date on which the Designated Intermediary shall start accepting Application for this Issue, which shall be the date notified in an English national newspaper, Hindi national newspaper and a regional newspaper each with wide circulation as required under the SEBI (ICDR) Regulations. In this case being May 03, 2019.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, including any revisions thereof.
Issue Price	The Price at which the Equity Shares are being issued by our Company under this Prospectus being ₹ 51/- per equity share.
Issue Proceeds	The proceeds of the Issue. For further information about use of the Issue Proceeds refer to the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 81 of this Prospectus.
Lead Manager/ LM	Lead Manager to the Issue in this case being Pantomath Capital Advisors Private Limited, SEBI Registered Category I Merchant Banker.
Listing Agreement	Unless the context specifies otherwise, this means the Listing Agreement to be signed between our Company and the National Stock Exchange of India Limited.
Mandate Request	Mandate request means a request initiated on the RII by Sponsor Bank to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.
Lot size	Lot size 2000 Equity Shares and in multiples of 2000 Equity Shares thereof
Market Maker	Market Maker appointed by our Company from time to time, in this case being Pantomath Stock Brokers Private Limited who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time
Market Maker Reservation Portion	84,000 Equity Shares of ₹ 10/- each at ₹ 51/- per Equity Share aggregating to ₹ 42.84 Lakhs reserved for subscription by the Market Maker
Market Making Agreement	Market Making Agreement dated April 22, 2019 between our Company, Lead Manager and Market Maker
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Net Issue	The Issue less the Market Maker reservation portion and Employee Reservation Portion.
Net Proceeds	Proceeds from the Issue after deduction of Issue expenses.
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 Resident	A person resident outside India, as defined under FEMA Regulations
Non-Institutional Investors / NIIs	Means an investor other than a retail individual investor and qualified institutional investor.

Term	Description
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended
National Payments Corporation of India (NPCI)	NPCI, a Reserve Bank of India (RBI) initiative, is an umbrella organization for all retail payments in India. It has been set up with the guidance and support of the Reserve Bank of India (RBI) and Indian Banks Association (IBA).
OCB/Overseas Corporate Body	A Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue
Payment through electronic transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, partnership, limited liability Company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Prospectus	This Prospectus dated April 25, 2019 filed with RoC after Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing inter alia, the Issue Price, the size of the Issue and certain other information
Public Issue Account(s)	The account to be opened with the Banker to the Issue under Section 40 of the Companies Act, 2013 to receive monies from the ASBA Accounts and from the Escrow Accounts.
Refund Account	Account to which Application monies to be refunded to the Applicants in case of failure of the Issue
Refund through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable
Registered Brokers	Individuals or companies registered with SEBI as “Trading Members” who hold valid membership of NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on <a href="http://www.nseindia.com">www.nseindia.com</a>
Registrar Agreement	The Agreement between the Registrar to the Issue and the Issuer Company dated March 12, 2019 in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018 issued by SEBI issued by SEBI
Registrar/ Registrar to the Issue/ RTI	Registrar to the Issue, in this case being Link Intime India Private Limited.
Restated Financial Information	Restated financial statements of our Company, which comprises the restated statement of assets and liabilities as at March 31, 2019, 2018 and 2017 and restated statement of profit and loss and cash flows for the fiscal ended March

Term	Description
	31, 2019, 2018 and 2017, together with the annexures and notes thereto prepared in terms of the requirements of the Companies Act, 2013, as amended read with SEBI ICDR Regulations as amended from time to time.
Retail Individual Applicants / Retail Individual Investors/ RIIs	Individual Applicants, or minors applying through their natural guardians, including HUFs (applying through their Karta), who apply for an amount less than or equal to Rs 2,00,000/-.
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s), as applicable.
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
Self-Certified Syndicate Banks/SCSB	Banks registered with SEBI, Issuing services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
SME Exchange	Emerge Platform of National Stock Exchange of India Limited
Specified Locations	Collection centers where the SCSBs shall accept application form, a list of which is available on the website of the SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ) and updated from time to time.
Specified securities	The equity shares Issued through this Prospectus
Sponsor Bank	Sponsor Bank means a Banker to the Issue registered with SEBI which is appointed by the Issuer to act as a conduit between the Stock Exchanges and NPCI (National in order to push the mandate collect requests and / or payment instructions of the retail investors into the UPI. In this case being ICICI Bank Limited.
Transaction Registration Slip/TRS	The slip or document issued by the Syndicate or SCSB (only on demand), to the Applicant as proof of registration of the Application
Underwriter	Pantomath capital Advisors Private Limited
Underwriting Agreement	The agreement dated April 22, 2019 entered into between the Underwriter and our Company.
UPI Mechanism	The bidding mechanism that may be used by a RIB to make an application in the Issue in accordance with SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018.
Unified Payments Interface (UPI)	UPI is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing & merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank a/c.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India (NPCI).
UPI PIN	Password to authenticate UPI transaction.

Term	Description
Wilful defaulter	A wilful defaulter, as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations, means a person who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under Companies Act, 2013) or consortium thereof, in accordance with the guideline on wilful defaulter issued by the RBI.
Working Day(s)	<p>In accordance with Regulation 2(1)(mmm) of SEBI ICDR Regulations, working days means, all days on which commercial banks in the city as specified in this Prospectus are open for business</p> <ol style="list-style-type: none"> <li>1. However, in respect of announcement of price band and Issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in the city as notified in this Prospectus are open for business</li> <li>2. In respect to the time period between the Issue closing date and the listing of the specified securities on the stock exchanges, working day shall mean all trading days of the stock exchanges, excluding Sundays and bank holidays in accordance with circular issued by SEBI.</li> </ol>

#### TECHNICAL / INDUSTRY RELATED TERMS

Term	Description
API	Active Pharmaceutical Ingredients
ANDA	Abbreviated New Drug Applications
CAGR	Compounded Annual Growth Rate
CGMP	Current Good Manufacturing Practice
CRAMS	Contract Research And Manufacturing Services
USFDA	United States Food and Drug Administration
FPP	Finished Pharmaceutical Product
GCC	Gulf Cooperation Council
GVA	Gross Value Added
IMF	International Monetary Fund
MAT	Moving Annual Total
WEO	World Economic Outlook
MSP	Minimum Support Price
TOP	Tomatoes, Onions, And Potatoes
OMO	Open Market Operations
US FDA	United States Food and Drug Administration

#### CONVENTIONAL AND GENERAL TERMS AND ABBREVIATIONS

Term	Description
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting

Term	Description
AIF(s)	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AoA	Articles of Association
AS/ Accounting Standards	Accounting Standards as issued by the Institute of Chartered Accountants of India
Associate	A person who is an associate of the issuer and as defined under the Companies Act, 2013
Authorized Dealers	Authorized Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
AY	Assessment Year
BG/ LC	Bank Guarantee / Letter of Credit
Bn.	Billion
Category I Foreign Portfolio Investor(s)	FPIs registered as Category I Foreign Portfolio Investors under the SEBI FPI Regulations.
Category II Foreign Portfolio Investor(s)	An FPI registered as a Category II Foreign Portfolio Investor under the SEBI FPI Regulations
Category III Foreign Portfolio Investor(s)	FPIs registered as category III FPIs under the SEBI FPI Regulations.
CC	Cash Credit
CCI	The Competition Commission of India
CDSL	Central Depository Services (India) Limited
CGST	Central GST
CIT	Commissioner of Income Tax
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The current consolidated FDI Policy, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
COPRA	The Consumer Protection Act, 1986
CSR	Corporate Social Responsibility
CST	Central Sales Tax

Term	Description
DGFT	Directorate General of Foreign Trade
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP	Depository Participant
DP ID	Depository Participant's identity number
DTC	Direct Tax Code, 2013
EBITDA	Earnings before interest, tax, depreciation and amortization.
EBITDA Margin	EBITDA divided by revenue from operations (net).
ECS	Electronic Clearing System
EGM / EGOM	Extraordinary General Meeting
EPA	The Environment Protection Act, 1986
EPS	Earnings per share
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations there under
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended time to time
FI	Financial Institutions
FII(s)	Foreign Institutional Investors as defined under SEBI FPI Regulations
Financial Year / Fiscal Year / FY	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FIPB	Foreign Investment Promotion Board
Foreign Portfolio Investor or FPIs	A foreign portfolio investor, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
FV	Face Value
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India



Term	Description
HNI	High Net worth Individual
HUF	Hindu Undivided Family
I. T. Act	The Income Tax Act, 1961, as amended.
I. T. Rules	The Income Tax Rules, 1962, as amended, except as stated otherwise.
ICAI	The Institute of Chartered Accountants of India
ICDR/ ICDR Regulations/ SEBI ICDR/ SEBIs (ICDR) Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, including instructions and clarifications issued by SEBI from time to time
ICSI	The Institute of Company Secretaries of India
IDRA	The Industrial (Development and Regulation) Act, 1951
IEM	Industrial Entrepreneurs Memorandum
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST	Integrated GST
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority
IT Act	Income Tax Act, 1961
KMP	Key Managerial Personnel
LM	Lead Manager
Ltd.	Limited
M. Com	Master of Commerce
M.B.A	Master of Business Administration
MCA	The Ministry of Corporate Affairs, GoI
MCI	Ministry of Commerce and Industry, GoI
Mn	Million
MoEF	Ministry of Environment and Forests
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprise
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NA	Not Applicable

Term	Description
NAV	Net asset value
NBFC	Non-Banking Finance Company
NI Act	Negotiable Instruments Act, 1881
No.	Number
Noise Regulation Rules	The Noise Pollution (Regulation & Control) Rules 2000
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NPV	Net Present Value
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after Tax
PBT	Profit Before Tax
Pcs	Pieces
PIL	Public Interest Litigation
Pvt./(P)	Private
QFI(s)	Qualified Foreign Investor(s) as defined under the SEBI FPI Regulations
QIB	Qualified Institutional Buyer
R&D	Research & Development
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
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	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Act	The Securities and Exchange Board of India Act, 1992

Term	Description
SEBI AIF Regulations	Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended from time to time.
SGST	State GST
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME	Small and Medium Enterprise
SSI Undertaking	Small Scale Industrial Undertaking
Stock Exchange (s)	National Stock Exchange of India
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
TM Act	The Trademarks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
u/s	Under Section
UIN	Unique Identification Number
UPI	Unified Payments Interface
US\$ or USD or US Dollars	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
VAT	Value Added Tax
VCF/ Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
w.e.f.	With effect from
WDV	Written Down Value
WTD	Whole-time Director
YoY	Year over year

*Notwithstanding the following: -*

- i. In the section titled “*Description of Equity Shares and Terms of the Article of Association*” beginning on page 235 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- ii. In the section titled “*Financial Statements*” beginning on page 166 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- iii. In the section titled “*Risk Factor*” beginning on page 26 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- iv. In the chapter titled “*Statement of Possible Tax Benefits*” beginning on page 92 of this Prospectus, defined terms shall have the meaning given to such terms in that chapter; and
- v. In the chapter titled “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on page 168 of this Prospectus, defined terms shall have the meaning given to such terms in that chapter.

## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

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

### **FINANCIAL DATA**

Unless stated otherwise, the financial data included in this Prospectus are extracted from the restated financial statements of our Company, prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditors, set out in the section titled ‘Financial Statements’ beginning on page 166 of this Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations.

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

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

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Position and Results of Operations” and elsewhere in this Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled ‘Financial Statements’ beginning on page 166 of this Prospectus.

### **CURRENCY OF PRESENTATION**

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

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

### **INDUSTRY & MARKET DATA**

Unless otherwise stated, Industry & Market data used throughout this Prospectus has been obtained from publically available information and Industry publications inter alia Planning Commission of India, Economic Survey, Industry Chambers and Associations etc. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

Further the extent to which the market and industry data presented in this 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 STATEMENT

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

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to the following:-

General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;

- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in industry which we operate;
- Factors affecting the industry in which we operate;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Our failure to keep pace with rapid changes in technology;
- The occurrence of natural disasters or calamities;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of Interest with affiliated companies, the promoter group and other related parties; and
- Changes in government policies and regulatory actions that apply to or affect our business.

For a further discussion of factors that could cause our actual results to differ, refer to section titled “Risk Factors” and chapter titled “Management’s Discussion and Analysis of Financial Position and Results of Operations” beginning on pages 26 and 168 respectively of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

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

## SECTION II – SUMMARY OF OFFER DOCUMENT

### OVERVIEW OF INDUSTRY

India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of global exports in terms of volume. Indian pharmaceutical industry supplies over 50 % of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in UK. The Indian API industry has been supplying good quality API to top pharmaceutical companies, both domestically and globally. In FY 2016, the API market of India held a share of around 8% in the global API market. The Indian API industry has gained recognition worldwide due to its high quality of APIs.

*For further details please see the chapter titled “Industry Overview” beginning on page 93 of this Prospectus.*

### OVERVIEW OF BUSINESS

Our Company is engaged in the development and manufacture of Active Pharma Ingredients (“APIs”) for the domestic market as well as for exports to international markets. APIs, also known as “bulk drugs” or “bulk actives” are the principal ingredient used in making finished dosages in the form of capsules, tablets, liquid, or other forms of dosage, with the addition of other APIs or inactive ingredients. We currently produce various range of Antacid Molecules which are available in the market and are in great demand.

Jignesh Vallabhbhai Savani and Falgun Vallabhbhai Savani are the Promoters of Our Company.

For, further details regarding risk involved in Business of the Company and risk in relation to the Issue, refer to chapter titled “Risk Factor” beginning on page 26 of this Prospectus.

### DETAILS OF THE ISSUE

Initial public Issue of 16,72,000 equity shares of face value of ₹ 10 each (“equity shares”) of Par Drugs and Chemicals Limited (“Company” or “Issuer”) for cash at a price of ₹ 51/- per equity share (including a share premium of ₹ 41/- per equity share) aggregating to ₹ 852.72 Lakhs (the “Fresh Issue”). The Issue includes a reservation of 84,000 equity shares of face value ₹ 10/- each at a price of ₹ 51/- per equity share aggregating to ₹ 42.84 Lakhs for subscription by the market maker to the Issue (the “market maker reservation portion”) and also includes a reservation of 30,000 equity shares of face value ₹ 10/- each at a price of ₹ 51/- per equity share aggregating to ₹ 15.30 Lakhs for subscription by the eligible employee (the “employee reservation portion”). The Issue less market maker reservation portion less employee reservation portion i.e. Net Issue of 15,58,000 equity shares of face value of ₹ 10/- each for cash at a price of ₹ 51/- per equity share, aggregating to ₹ 794.58 Lakhs is hereinafter referred to as the “Net Issue”. The Issue and the net Issue will constitute 27.18% and 25.32% respectively of the post Issue paid up equity share capital of our Company.

### OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds of the Fresh Issue (Issue proceeds of the Fresh Issue less the Issue Expenses) towards the following Objects:

Sr. No.	Particulars	Amount to be financed from the Net Proceeds (₹ in lakhs)	Percentage of the net proceeds
1.	Funding of the Working Capital requirements of the Company	700.00	88.75%
2.	General Corporate Purpose	88.72	11.25%
	<b>Total</b>	<b>788.72</b>	<b>100.00%</b>

### PRE-ISSUE SHAREHOLDING OF PROMOTER AND PROMOTER GROUP

Our Promoter and Promoter Group are collectively holding 44,60,318 equity shares of our Company aggregating to 99.55% of the pre-issue paid-up share capital of our Company. Following are the details of shareholding of Promoters and promoter group:



Sr. No.	Name of the Shareholders	Pre – Issue		Post – Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Post-Issue Capital
(I)	(II)	(III)	(IV)	(V)	(VI)
	<b>Promoter</b>				
1.	Falgun Savani	13,06,976	29.17	13,06,976	21.24
2.	Jignesh Savani	13,30,220	29.69	13,30,220	21.62
	<b>Sub Total (A)</b>	<b>26,37,196</b>	<b>58.86</b>	<b>26,37,196</b>	<b>42.87</b>
	<b>Promoter Group</b>				
3.	Vallabhbhai Savani	11,71,236	26.14	11,71,236	19.04
4.	Ghanshayambhai Savani	3,62,642	8.09	3,62,642	5.89
5.	Sarita Savani	1,10,866	2.47	1,10,866	1.80
6.	Nayana Savani	90,692	2.02	90,692	1.47
7.	Shilpa Savani	87,686	1.96	87,686	1.43
	<b>Sub Total (B)</b>	<b>18,23,122</b>	<b>40.69</b>	<b>18,23,122</b>	<b>29.63</b>
	<b>Total (A+B)</b>	<b>44,60,318</b>	<b>99.55%</b>	<b>44,60,318</b>	<b>72.50</b>

#### SUMMARY OF FINANCIAL INFORMATION

Following are details as per the restated financial statements for the financial years ended on March 31, 2019, 2018 and 2017:

(Amount in Lakhs)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017
Share Capital	448.03	845.00	845.00
Net Worth	2911.73	2069.86	1920.37
Total Revenue	4641.20	4,241.65	4,880.90
Profit after tax	241.88	149.53	184.78
Earnings per share (in ₹ )	5.40	5.54	6.84
NAV per equity share (in ₹ )	64.99	76.66	71.12
Total borrowings (as per balance sheet)	1158.09	2312.53	2480.83

#### AUDITOR QUALIFICATIONS

There are no Auditor qualification which have not been given effect to in the Restated Financial Statements.

#### SUMMARY OF OUTSTANDING LITIGATIONS

Our Company, Subsidiaries, Promoters and Directors are currently involved in certain litigation which is currently pending at various stages, the details of the same are summarised in the table set forth below:

Name of Entity	Criminal Proceedings	Civil/ Arbitration Proceedings	Tax Proceedings	Labour Disputes	Consumer Complaints	Complaints under Section 138 of NI Act, 1881	Aggregate amount involved (₹ In lakhs)

Company							
By the Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Company	Nil	Nil	1	Nil	Nil	Nil	0.84
Promoters							
By the Promoter	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoter	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Subsidiaries							
By the Subsidiaries	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Against the Subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Directors other than promoters							
By the Directors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	1	Nil	Nil	Nil	Negligible

\*N.A. = Not Applicable

Note- As on the date of this Prospectus our Company does not have any Group Company.

For further details in relation to legal proceedings involving our Company, Promoters and Directors and contingent liabilities to the company please refer chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 187 of this Prospectus.

## RISK FACTORS

Please see the chapter “*Risk Factors*” beginning on page 26.

## SUMMARY OF CONTINGENT LIABILITIES

Following is the summary of the Contingent Liabilities of the Company for the financial years ended on March 31, 2019, 2018 and 2017:

(₹ in lakhs)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017
<b>Bank Guarantee issued by Bank</b>			
Kotak Mahindra Bank	19.50	19.50	-
Union Bank of India	-	-	18.25
<b>Total</b>	<b>19.50</b>	<b>19.50</b>	<b>18.25</b>

For further details regarding the same, refer the “*Annexure – XXX - Restated Standalone Statement of Contingent Liability*” on page F-32, under the chapter titled “*Financial Statements as Restated*” beginning on page 166 of this Prospectus.

## SUMMARY OF RELATED PARTY TRANSACTIONS

Following is the summary detail of the related party transactions entered by the Company for the financial year ended on March 31, 2019, 2018 and 2017:

Name	Relation	Nature Of Transaction	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
Vallabhbhai Savani	Director	Director's Remuneration	31.03	43.00	43.00
		Interest Paid On Loan	59.06	-	-
		Loan Received	1,143.91	17.46	21.62
		Loan Paid	1,487.18	16.95	5.74
Falgun Savani	Director	Director's Remuneration	36.46	33.00	32.00
		Interest Paid On Loan	0.08	-	-
		Loan Received	0.90	6.00	0.40
		Loan Paid	1.89	6.93	8.80
Jignesh Savani	Director	Director's Remuneration	36.46	33.00	32.00
		Interest Paid On Loan	1.32	-	-
		Loan Received	19.43	7.10	10.48
		Loan Paid	33.78	3.33	11.17
Ghanshyam Savani	Director	Director's Remuneration	36.46	33.00	32.00
		Interest Paid On Loan	0.49	-	-
		Loan Received	6.01	2.37	7.89
		Loan Paid	11.30	2.07	7.96
Shishir Trivedi	Director	Director's Remuneration	2.25	3.00	3.00
Nayana Savani	Director's Wife	Interest Paid On Loan	0.03	-	-
		Loan Received	0.31	-	-
		Loan Paid	0.66	0.15	-
Shilpa Savani	Director's Wife	Interest Paid On Loan	0.03	-	-
		Loan Received	0.32	-	-
		Loan Paid	0.68	0.15	-
Sarita Savani	Director's Wife	Interest Paid On Loan	0.00	-	-
		Loan Received	0.05		
		Loan Paid	0.10	0.23	0.07
Par Pharmaceuticals	Sister Concern	Loan Paid	0.19	-	-
Vallabhbhai J Savani HUF	Director's HUF	Interest Paid On Loan	9.62	10.14	5.53
		Loan Received	17.95	21.43	44.15
		Loan Paid	124.76	10.21	12.89

Falgun V Savani HUF	Director's HUF	Interest Paid On Loan	3.68	3.50	1.93
		Loan Received	6.31	16.20	25.09
		Loan Paid	47.69	18.50	2.18
Jigneshbhai V Savani HUF	Director's HUF	Interest Paid On Loan	4.69	4.73	1.73
		Loan Received	8.80	12.81	28.05
		Loan Paid	61.39	5.93	4.93
Ghanshayambhai B Savani HUF	Director's HUF	Interest Paid On Loan	4.07	4.46	1.86
		Loan Received	7.65	12.89	22.50
		Loan Paid	56.98	5.66	2.61
Phal-Jig Fine Chemicals Pvt Ltd	Sister Concern	Loan Paid	0.24	5.70	0.15
		Loan Received	6.25	-	-

For further details of the same refer the *Annexure – XXXIV* under Chapter titled “*Financial Statement as Restated*” beginning on page 166 of this Prospectus.

#### DETAILS OF FINANCING ARRANGEMENTS

There are no financing arrangements whereby the Promoters, member of Promoter Group, the Directors of the Company which a Promoter of the Issuer, the Director of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the Business of the financing entity during the period of six months immediately preceding the date of filing of this Prospectus.

#### WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES ACQUIRED BY EACH OF OUR PROMOTERS

The weighted average price of the Shares acquired by our Promoters within last one (1) year from the date of filing of this Prospectus, except Equity Shares acquired through Gift, are set forth in the table below:

Name of Promoters	No. of equity share acquired	Weighted average price of shares acquired (in ₹ )
<b>Promoters</b>		
Falgun Vallabhbhai Savani	3,42,923	66
Jignesh Vallabhbhai Savani	3,66,167	66

#### AVERAGE COST OF ACQUISITION OF SHARES

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

Name of Promoters	No. of equity share held	Average cost of acquisition (in ₹ )
<b>Promoters</b>		
Falgun Vallabhbhai Savani	13,06,976	19.12
Jignesh Vallabhbhai Savani	13,30,220	19.93

#### DETAILS OF PRE-IPO PLACEMENT

Our Company does not contemplate any pre-issuance or pre-placement of Equity Shares from the date of this Prospectus till the listing of the Equity Shares.

#### EQUITY SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH IN LAST ONE YEAR

Except as mentioned in the Titled “*History of Equity Share Capital of our Company*” under the Chapter “*Capital Structure*” on page 64 of this Prospectus, our Company has not issued any Equity Shares for consideration other than cash during last one year from the date of this Prospectus

#### **SPLIT / CONSOLIDATION OF EQUITY SHARES IN THE LAST ONE YEAR**

Our Company has not undertaken any split or consolidation of Equity Shares during the last one year from the date of this Prospectus.

### SECTION III – RISK FACTORS

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

*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. To obtain a better understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 113, “Industry Overview” beginning on page 93 and “Management’s Discussion and Analysis of Financial Position and Results of Operations” beginning on page 168 respectively, of this Prospectus as well as other financial information contained herein.*

**Materiality:**

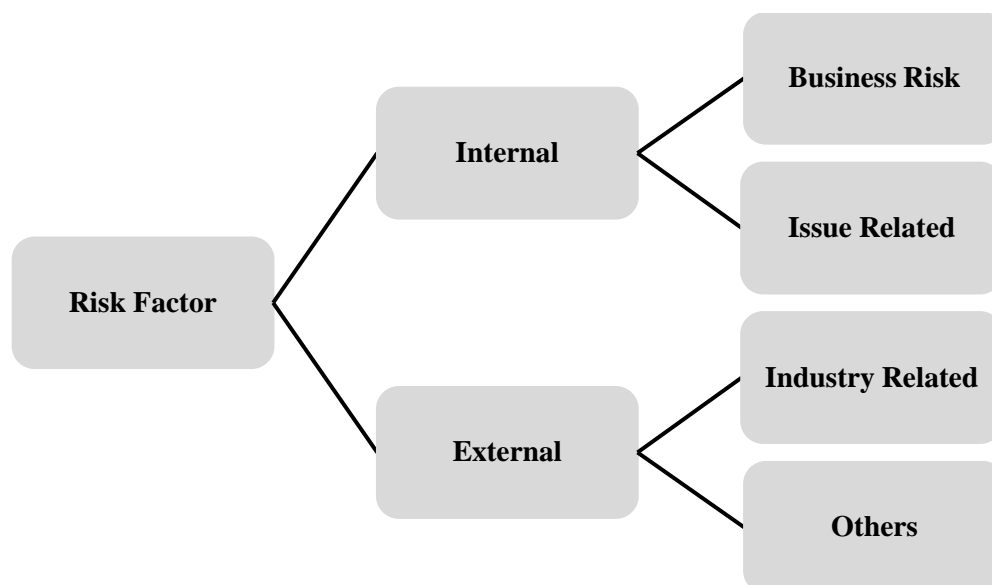
*The following factors have been considered for determining the materiality of Risk Factors:*

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

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

*In this Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off.*

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



## INTERNAL RISK FACTORS:

### BUSINESS RISKS

1. *There are outstanding tax proceedings against our Company. Any adverse outcome in the proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.*

Our Company has one outstanding tax demand of ₹ 0.84 Lakhs for A.Y 2009-10 which is currently pending. There is no assurance that in future, we, our promoters, our directors or group companies may not face legal proceedings and any adverse decision in such legal proceedings may impact our business. For further details in relation to legal proceedings involving our Company, Promoters, Directors and Group Company, kindly refer the chapter titled “*Outstanding Litigation and Material Developments*” on page 187 of this Prospectus.

A classification of legal proceedings is mentioned below:

Name of Entity	Criminal Proceedings	Actions by Regulatory Authorities	Tax Proceedings	Other Material Proceedings	Aggregate amount involved (₹)
By the Company	NIL	NIL	NIL	NIL	NIL
Against the Company	NIL	NIL	1	NIL	84,640
By the Promoter	NIL	NIL	NIL	NIL	NIL
Against the Promoter	NIL	NIL	NIL	NIL	NIL
By the Directors	NIL	NIL	NIL	NIL	NIL
Against the Directors	NIL	NIL	1	NIL	470
By Group Companies	NIL	NIL	NIL	NIL	NIL
Against Group Companies	NIL	NIL	NIL	NIL	NIL
By the Subsidiaries	N.A	N.A	N.A	N.A	N.A
Against the Subsidiaries	N.A	N.A	N.A	N.A	N.A



2. ***Our cost of production is exposed to fluctuations in the prices of raw materials as well as its unavailability.***

Our Company is currently into production of active pharmaceutical ingredients which requires Magnesium Chloride, Caustic Soda Lye, Soda Ash, Aluminium Chloride, Hydrogen Peroxide etc. as a primary raw materials. We are exposed to fluctuations in the price of the raw material as well as its unavailability, particularly as we typically do not enter into any long term supply agreements with our suppliers. We may be unable to control the factors affecting the price at which we procure our raw material. We also face the risks associated with compensating for or passing on such increase in our cost of production on account of such fluctuations in price to our customers. Upward fluctuations in the prices of raw material may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial condition and results of operation. Though, we have been sourcing raw materials from various local suppliers and enjoy favorable terms from the suppliers both in prices as well as in supplies, our inability to obtain high-quality raw materials in a timely and cost-effective manner would delay in our production and delivery schedules, which may result in the loss of our customers and revenues.

3. ***We operate in a competitive business environment, both globally and domestically. Competition from existing players and new entrants and consequent pricing pressures may adversely affect our business, financial condition and results of operations.***

The segment in which our Company operates viz. Active Pharmaceutical Ingredient ("API") product is intensely competitive. Growing competition may subject us to pricing pressures and require us to reduce the prices of our products and services in order to retain or attract customer's base, which may have a material adverse effect on our revenues and profit margins. Further, several of our competitors are larger international and national companies and have access to greater resources or may be able to develop or acquire technology or partner with innovators or customers at terms which are not presently feasible for us, due to our current scale of operations. Any failure to keep abreast with technological advancements might place our competitors at an advantageous position in terms of cost, efficiency and timely delivery of final products. While we are focused on research and development ("R&D") to develop cost and time efficiencies and to broaden our product range, in particular in certain niche areas, in the event our competitors develop better process technology or improved process yield or are able to source raw materials at competitive prices, and are therefore able to create new products or substitutes for our products at competitive prices, we may not be able to maintain our growth rate and revenues and our profitability may decline. Any of these factors may have a material adverse effect on our business and prospects.

4. ***We are engaged in manufacturing of API's products which is highly regulated and controlled industry and therefore are subject to various laws and regulations relating to the handling and disposal of hazardous materials and wastes. Any change in regulatory environment may have an impact on the business of the Company and if we fail to comply with such laws and regulations, we can be subjected to prosecution, including imprisonment and fines or incur costs that could have a material adverse effect on the success of our business.***

We are engaged in manufacturing of API's and related products which is a highly regulated and controlled. We are subject to extensive regulations pertaining to research, testing, manufacturing, quality standards, documentation of the manufacturing process, quality checks etc. The Company keeps itself updated for various developments relating to the regulatory environment and ensures that it complies with such regulatory changes. However, in case the Company is unable to adapt itself to such regulatory changes, obtain the necessary approvals/ renewals for all our products which are required as per the applicable rules and regulations, the business of the Company may be impacted adversely on account of various penalties, monetary fines etc.

Some of the laws that the Company has to comply are as follows:

- The Drugs and Cosmetics Act, 1940;
- The Drugs and Cosmetic Rules, 1945;

- The Environmental Protection Act, 1986, as amended from time to time;
- the Air (Prevention and Control of Pollution) Act, 1981, as amended from time to time;
- The Water (Prevention and Control of Pollution) Act, 1974, as amended from time to time;
- Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016; and

other regulations promulgated by the Ministry of Environment and Forest and various statutory and regulatory authorities and agencies in India regulate our handling of hazardous substances and wastes. We are required to obtain registrations from the relevant State Pollution Control Board to be able to handle and dispose hazardous and wastes. We are also required to take a number of precautionary measures and follow prescribed practices in this regard. Our failure to comply with these laws could result in us being prosecuted, including our directors and officers responsible for compliance being subjected to imprisonment and fines. We may also be liable for damage caused to the environment. Any such action could adversely affect our business and financial condition.

**5. *Both our manufacturing facilities are located at Bhavnagar and Ankleshwar, Gujarat. Any delay in production at, or shutdown of or any interruption for a significant period of time, in these facilities may in turn adversely affect our business, financial condition and results of operations.***

Our Company has its manufacturing facilities located at Bhavnagar and Ankleshwar in Gujarat. Our success depends on our ability to successfully manufacture and deliver our products to meet our customer demand. Our manufacturing facility is susceptible to damage or interruption or operating risks, such as human error, power loss, breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, loss of services of our external contractors, terrorist attacks, acts of war, break-ins, earthquakes, other natural disasters and industrial accidents and similar events. Further, our manufacturing facility is also subject to operating risk arising from compliance with the directives of relevant government authorities. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. If our Company experiences such delays in production or shutdowns due to any reason, including disruptions caused by disputes with its workforce or any external factors, our Company's operations will be significantly affected, which in turn would have a material adverse effect on its business, financial condition and results of operations.

**6. *We are susceptible to product liability claims that may not be covered by warranties and assurances from our suppliers or by insurance, and which, if successful, could require us to pay substantial sums.***

Any defects in our products, including as a result of defective materials supplied to us, can adversely affect our business and could result into customer claims for damages or require us to undertake product recalls. Defects in our products that arise from defective materials or other inputs supplied by external suppliers may or may not be covered by warranties. An unusual number of amount of warranty claims against a supplier could adversely affect us as we depend on a limited number of suppliers for our materials.

We have also not obtained product liability coverage with respect to our products, if any product liability claim sustained against us, it could adversely affect our business and financial condition. In addition, product liability coverage for pharmaceutical companies is becoming more expensive. As a result, we may not be able to obtain the type and amount of insurance coverage we desire at an acceptable price in the future. We also face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits. Even unsuccessful product liability claims against us would likely require us to spend money on litigation, divert management's time, affect our goodwill and impair the marketability of our products.

**7. *Inventories and trade receivables form a major part of our current assets and net worth. Failure to manage our inventory and trade receivables could have an adverse effect on our net sales, profitability, cash flow and liquidity.***

Our Company's business is working capital intensive and hence, inventories and trade receivables form a major part of our current assets and net worth. As on March 31, 2019 our Inventories and Trade

Receivable constitutes 30.27% and 60.07% of current assets. The results of operations of our business are dependent on our ability to effectively manage our inventory and trade receivables.

To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. However, if our management misjudges expected customer demand, it could cause either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory we manufacture or purchase, we may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, all of which could have an adverse impact on our income and cash flows.

To effectively manage our trade receivables, we must be able to accurately evaluate the credit worthiness of our customers and dealers and ensure that suitable terms and conditions are given to them in order to ensure our continued relationship with them. However, if our management fails to accurately evaluate the credit worthiness of our customers and dealers, it may lead to bad debts, delays in recoveries and / or write-offs which could lead to a liquidity crunch, thereby adversely affecting our business and results of operations. A liquidity crunch may also result in increased working capital borrowings and, consequently, higher finance cost which will adversely impact our profitability.

**8. *Our Company has not complied with certain statutory provisions under Companies Act. Such non-compliances/lapses may attract penalties.***

Our Company has not complied with certain statutory provisions in the past including but not limited to the following:

- Our Company was required to appoint Whole Time Company Secretary under Section 383A of the Companies Act, 1956/Section 203 of Companies Act, 2013 after crossing the limit of Paid up share capital of ₹ ₹ 5 Crore as amended in Companies (Appointment and Qualifications of Secretary) Amendment Rules, 2009. However, the said requirement for appointment of Whole Time Company Secretary was fulfilled by our Company in September, 2018. Thus, as on date of this Prospectus, the Company has complied with the requirements of Section 203 of Companies Act, 2013.
- Provision of Section 73 to 76 of Companies Act, 2013 with respect to avilment of unsecured loans from persons other than the directors, relatives of directors and members of the Company during the past. As on the date of this Prospectus, the Company has complied with the requirements of Section 73 to 76 of Companies Act, 2013.
- In terms of Section 129(1) of the Companies Act, 2013, our Company has not complied with provisions of Accounting Standard-15. However, Company has made necessary compliances in the restated financial statements of the Company as on date of this Prospectus.

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

**9. *Some of our corporate records including but not limited to certain secretarial records are not traceable by the Company.***

Some of the corporate records including certain secretarial records for acquisition of M/s. Par Inorganics in the year 1999 i.e. form 23 for registration of deed of transfer and registration of resolution for allotment of shares and registration of resolution dated April 18, 2006 for increase in authorised share capital from ₹ 1,00,00,000 to ₹ 1,50,00,000 are not transferable. While information in relation to such acquisition and increase in authorised capital have been disclosed in this Prospectus, based on information in our statutory registers and Minutes of the Company. In the event of any cognizance being taken by the concerned authorities in respect of the same, penal actions may be taken against the Company, in which event the financials of the Company shall be affected.

**10. *Our Company requires significant amounts of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations.***

Our business is working capital intensive. A significant portion of our working capital is utilized towards trade receivables. Summary of our working capital position is given below:-

*Amount (₹ in lakhs)*

Particulars	As at March 31,		
	2019	2018	2017
<b>A. Current Assets</b>			
Inventories	429.41	406.75	398.89
Trade Receivables	851.97	872.46	811.25
Cash and Cash Equivalents	3.06	6.38	1.84
Short Term Loans & Advances	61.05	68.84	61.34
Other Current Assets	72.92	48.25	84.90
<b>Total Current Assets(A)</b>	<b>1,418.41</b>	<b>1402.68</b>	<b>1358.22</b>
<b>B. Current Liabilities</b>			
Trade Payables	493.18	526.13	778.31
Other Current Liabilities	233.15	565.46	449.84
Short Term Provisions	87.30	67.17	78.55
<b>Total Current Liabilities(B)</b>	<b>813.63</b>	<b>1158.76</b>	<b>1306.71</b>
<b>Working Capital (A-B)</b>	<b>604.78</b>	<b>243.92</b>	<b>51.51</b>

We intend to continue growing by expanding our business operations. This may result in increase in the quantum of current assets particularly trade receivables and inventories. Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the chapter titled “*Objects of the Issue*” beginning on page 81 of this Prospectus.

**11. *Our inability to expand or effectively manage our dealers or any disruptions in our distribution network may have an adverse effect on our business, results of operations and financial condition.***

We rely largely on our dealers to sell our products to our end consumers. As of March 31, 2019, we had tie ups with more than 40 dealers as our domestic sales network, who stock and sell our products across the various regions across the state of Gujarat, Himachal Pradesh, Maharashtra, Tamil Nadu, West Bengal, Uttarakhand, Punjab and Delhi. We have not entered into any definitive agreements with such dealers for the sale of our products. Our ability to expand and grow our product significantly depends on the reach and effective management of our dealer’s network. We cannot assure you that we will be able to successfully identify or appoint new dealers, maintain relationship with our existing dealers. Any one of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our financial condition, cash flows and results of operations:

- failure to maintain relationships with our existing dealers;
- failure to establish relationships with new dealers on favorable terms;
- inability to timely identify and appoint additional or replacement dealers upon the loss of one or more of our dealers; and
- reduction, delay or cancellation of orders from one or more of our dealers.

Additionally, our dealers are not exclusive to us and also stock and sell products of multiple manufacturers, who could be our competitors. We cannot assure you that we will not lose any of our dealers to our competitors, which could cause us to lose some or all of our favorable arrangements with such dealers and may result in the termination of our relationships with other dealers.

**12. *We generate a substantial portion of revenue from our domestic operations in certain geographical regions especially Gujarat, Maharashtra and Delhi. Any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.***

As on the date of this Prospectus, we generate a substantial portion of our revenue from domestic operations through our customers situated in Gujarat, Maharashtra and Delhi. As on March 31, 2019 the revenue generated from our customers situated in these regions forms approximately 51.97% of the revenue from operations. Such geographical concentration of our business in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in these regions which may adversely affect our business prospects, financial conditions and results of operations. We may not be able to leverage our experience in Gujarat, Maharashtra and Delhi region to expand our operations in other parts of India and overseas markets, should we decide to further expand our operations.

Factors such as competition, culture, regulatory regimes, business practices and customs, industry needs, transportation, in other markets where we may expand our operations may differ from those in such regions, and our experience in these regions may not be applicable to other markets. In addition, as we enter new markets and geographical areas, we are likely to compete not only with national players, but also local players who might have an established local presence, are more familiar with local regulations, business practices and industry needs, have stronger relationships with local distributors, dealers, relevant government authorities, suppliers or are in a stronger financial position than us, all of which may give them a competitive advantage over us. Our inability to expand into areas outside Gujarat, Maharashtra and Delhi market may adversely affect our business prospects, financial conditions and results of operations.

**13. *Our dependence on few suppliers puts us at risk of interruptions in the availability of raw materials, which could adversely affect our business, financial condition and results of operations. Further, we have not entered into any long-term agreements with our suppliers for raw materials and accordingly may face disruptions in supply from our current suppliers.***

We procure raw materials required for the manufacturing process from different locations. We choose to deal with suppliers on the basis of quality assurance, cost effectiveness and relationships that we share. Though we prefer to deal with suppliers with whom we have cordial relationships, there are no fixed suppliers for our raw material purchases and independently we have also not entered into any fixed supply agreement or MoU or any other arrangement with any of our suppliers. Our top 5 and top 10 suppliers contributed 71.26% and 92.31% of our costs of purchase of raw material for the period ended March 31, 2019.

These suppliers have accorded their trust and service based on our operating history in the industry, our credit worthiness, and our goodwill. However, in the absence of any written agreements or contracts, our suppliers are not bound to supply goods to us and can withdraw their commitments from us at any time. There can be no assurance that there will not be a significant disruption in the supply of raw materials from current sources, or, in the event of a disruption, that we would be able to locate alternative suppliers of the raw materials of comparable quality on terms acceptable to us, or at all.

**14. *Our Company does not own the land on which our corporate office and both the manufacturing units are situated.***

Our corporate office situated at 302, Anmol Plaza, Waghawadi Road, Bhavnagar 364001, India is not owned by our Company and is taken on rent from Shri Bhadreshbhai Vasantbhai Jani and Shri Tejasbhai Bhadreshbhai Jani. Further, our manufacturing units which are located in Bhavnagar and Ankleshwar are also not owned by us and are taken on lease for 99 years from Gujarat Industrial Development Corporation (G.I.D.C). However, these agreements can be extended and renewed, but we cannot assure you that such extension will be at terms favorable to the Company, or extendable at all. In an adverse



scenario, we may have to shift our offices to different premises, the terms of which may not be suitable to the Company. Such situations may adversely impact our business operations.


For further details for our corporate and branch offices of our Company, please refer the chapter titled “Government and Other Statutory Approvals” beginning on page 191 of this Prospectus.

- 15. We require a number of approvals, licenses, registrations and permits in the ordinary course of our business. The approvals are required to be transferred in the name of PAR DRUGS AND CHEMICALS LIMITED from PAR DRUGS AND CHEMICALS PRIVATE LIMITED pursuant to name change of our company and any failure or delay in obtaining the same in a timely manner may adversely affect our operations.**

Pursuant to our conversion from private limited company to public limited company in the year 2018, we need to take necessary steps for transferring the approvals of our company in the new name. We need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course of our business. In case of delay or failure to obtain the same, it could affect our business operations. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, could result in delaying the operations of our business, which may adversely affect our business, financial condition, results of operations and prospects. We cannot assure you that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Additionally, our company has not applied for Registration Certificate of Establishment under Gujarat Shops and establishments Act, 1948 for Registered Office. For more information, see chapter “Government and Other Statutory Approvals” on page 191 of this Prospectus.

- 16. The logo used by our Company is not registered. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations.**



Currently we are using logo i.e.  which is not yet registered in the name of our Company. Our ability to market and sell our products depends upon the recognition of our brand names and associated consumer goodwill. Currently, we do not have registered trademarks for our own or our corporate name and logo under the Trade Marks Act, 1999. Consequently, we do not enjoy the statutory protections accorded to registered trademarks in India for the corporate name and logo of our company. In the absence of such registrations, competitors and other companies may challenge the validity or scope of our intellectual property right over these brands or our corporate name or logo. As a result, we may be required to invest significant resources in developing new brands or names, which could materially and adversely affect our business, financial condition, results of operations and prospects.

The material approvals, licenses or permits required for our business include factory license, tax related licenses, among others. See “Government and other Statutory Approvals” on page 191 of this Prospectus for further details on the required material approvals for the operation of our business.

- 17. If we inadvertently infringe on the intellectual property rights of others, our business and results of operations may be adversely affected.**

We operate in an industry characterized by trademark and patent litigation, including frivolous litigation by competitors to delay grant of patent/ trademarks. Patent litigation can result in significant damages being awarded and injunctions that could prevent the manufacture and sale of certain products or require us to pay significant royalties in order to continue to manufacture or sell such products. While it is not possible to predict the outcome of patent litigation, we believe any adverse result of such litigation could include an injunction preventing us from selling our product's or payment of significant damages or royalty, which would affect our ability to sell current or future products. The occurrence of any of these risks could adversely affect our business financial condition and results of operations.

**18. *We are subject to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations.***

We are subject to credit risk through our trade receivables due from our customers in case of delay. As on March 31, 2019 our trade receivables are ₹ 851.97 Lakhs respectively. By their nature, trade receivables involve risks, including the risk of non-performance by counterparties. Further, the failure of any of our customers to make timely payments could affect our profitability and liquidity and decrease in resources available to us for other uses, including our obligations under the credit facilities granted to us by our lenders. We may also be required to write off trade receivables or increase provisions made against our trade receivable. Any changes in the financial position of our customers that adversely affects their ability to pay and failure of any of our customers to make timely payments may materially and adversely affect our cash flows, business prospects, financial condition and results of operations.

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

As on March 31, 2019 our aggregate secured long-term borrowings from banks was ₹ 222.71 Lakhs, while aggregate total short-term borrowings including current maturities of long term debt from banks amounted to ₹ 554.94 Lakhs. We have entered into certain agreements for our borrowings and some of these agreements require us to maintain certain financial ratios and also impose certain restrictive covenants on us, such as requiring lender consent for, *inter alia*, effecting any changes in capital structure, making material changes to constitutional documents, incurring further indebtedness, creating further encumbrances on or disposing of assets, undertaking a restructuring etc. While there have not been any instances of non-compliances in relation to any of our loan agreements or any covenant therein, there can be no assurance that we will be able to comply with these covenants in the future or that we will be able to obtain the consents necessary to take the actions that may be necessary.

Any failure to service our debt, perform any condition or covenant or comply with the restrictive covenants could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities, affect our ability to raise additional funds or renew maturing borrowings to finance our existing working capital requirements and pursue our growth initiatives. We cannot provide any assurance that our business will generate sufficient cash to enable us to service our debt as they become due. The termination of, or declaration or enforcement of default under, any financing agreement may have an adverse effect on our business, results of operations, financial condition, results of operations and prospects.

For further information, see the chapter titled “*Financial Indebtedness*” on page 184 of this Prospectus.

**20. *The shortage or non-availability of power facilities may adversely affect our operations and have an adverse impact on our results of operations and financial condition.***

Our manufacturing processes requires substantial amount of power facilities. The quantum and nature of power requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative/ independent sources of power supply since it involve significant capital expenditure and per unit cost of electricity produced is very high in view of increasing oil prices and other constraints.

We are mainly dependent on State Government such as Dakshin Gujarat Vij Company Limited and Pashchim Gujarat Vij Company Limited for meeting our electricity requirements at our Ankleshwar and Bhavnagar unit respectively. Further, our Company is dependent on Gujarat Water Infrastructure Limited and Gujarat Industrial Development Corporation for meeting our water requirements at our Ankleshwar and Bhavnagar unit respectively. Any disruption/ non-availability of power and water shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

**21. *The average cost of acquisition of Equity Shares by our Promoters could be lower than the floor price.***



Our Promoters average cost of acquisition of Equity Shares in our Company may be lower than the Issue Price as may be decided by the Company in consultation with the Lead Manager.

For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer to the section titled “*Capital Structure*” on page 64 of this Prospectus.

**22. *Our top 10 customers contribute majority of our revenues from operations for the year ended March 31, 2019. Any loss of business from one or more of them may adversely affect our revenues and profitability.***

Our top 10 and top 5 customers including dealers contributed 46.09% and 29.77% of our total finished goods sold for the year ended March 31, 2019. However, our top customers may vary from period to period depending on the demand and thus the composition and revenue generated from these clients might change as we continue to add new customers in normal course of business. Since our business is concentrated among relatively few significant customers, and certain of our services are provided on a non-recurring, project by project basis, we could experience a reduction in our results of operations, cash flows and liquidity if we lose one or more of these customers or the amount of business we obtain from them is reduced for any reason, including as a result of a dispute or disqualification.

Accordingly, we cannot assure you that the customers which contribute to the major part of our revenue stream will pay us the contracted amounts on time, or at all. In the event any of our significant customers fail to fulfil their respective obligations under their existing agreements with us, our business, financial condition and results of operations would be adversely affected. While we believe we have maintained good and long term relationships with our customers. However, there can be no assurance that we will continue to have such long term relationship with them. We cannot assure that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our revenues and profitability.

**23. *If more stringent labour laws or other industry standards in India are introduced, our profitability may be adversely affected.***

Our Company is subject to a number of stringent labour laws, which protect the interests of workers, including in relation to dispute resolution, employee retrenchment, pending payments and legislation that imposes financial obligations on employers upon retrenchment. We are also subject to state and local laws and regulations of Gujarat, governing our relationships with our employees, including those relating to minimum wage, bonus, gratuity, overtime, working conditions, recruitment and termination of employment, non-discrimination, work permits and employee benefits. Further, stringent labour laws will ensure difficulty in maintaining flexible human resource policies, and working environment, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

**24. *We are susceptible to volatility of prices of our products, including due to competitive products and potential substitutes, in the non-regulated markets primarily.***

Prices of APIs are subject to fluctuation, depending on, among other factors, the number of producers and their production volumes and changes in demand in the markets we serve. Volatility in price realization and loss of customers may adversely affect our profitability. While one of the aims of our R&D initiatives is to develop cost and time efficiencies, there is no assurance that we will be able to maintain our low cost of operations or to further reduce costs or develop new cost effective processes in the future.

**25. *We generally do business with our customers on purchase order basis and do not enter into long-term contracts with most of them.***

Our business is dependent on our continuing relationships with our customers. Our Company neither has any long-term contract with any of customers nor has any marketing tie up for our products. Further, our Company has not appointed any exclusive agents for handling its operations. Any change in the buying pattern of our end users or disassociation of major customers can adversely affect the business of our Company. The loss of or interruption of work by, a significant customer or a number of significant

customers or the inability to procure new orders on a regular basis or at all may have an adverse effect on our revenues, cash flows and operations.

**26. *Our industry is labour intensive and our business operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

We believe that the industry in which we operate face competitive pressures in recruiting and retaining skilled and unskilled labour. Shortage of skilled/ unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. We have not experienced any major disruptions to our business operations due to disputes or other problems with our work force in the past; there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment.

We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

**27. *Our Company is dependent on third party transportation providers for the delivery of raw materials and finished products. Accordingly, continuing increases in transportation costs or unavailability of transportation services for our products, as well the extent and reliability of Indian infrastructure may have an adverse effect on our Company's reputation, business, financial condition, results of operations and prospects.***

We use third party transportation providers for the supply of most of our raw materials and for delivery of our products to our customers. Transportation strikes could have an adverse effect on our receipt of raw materials and our ability to deliver our products to our customers. Non-availability of trucks and railway cars could also adversely affect our receipt of raw materials and the delivery of our products.

In addition, transportation costs in India have been steadily increasing over the past several years. While usually the end consumer bears the freight cost, we may not always be able to pass on these costs to our customers. Continuing increases in transportation costs or unavailability of transportation services for our products may have an adverse effect on our business, financial condition, results of operations and prospects.

Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

**28. *We rely extensively on our systems, including quality assurance systems, products processing systems and information technology systems, the failure of which could adversely affect our business, financial condition and results of operations.***

We depend extensively on the capacity and reliability of the quality assurance systems, product processing systems and information technology systems, supporting our operations. Considering the nature of our business and the industry in which we operate, it is imperative for us to have a robust information technology system. If our data capturing, processing and sharing cannot be integrated and/ or we experience any defect or disruption in the use of, or damage to, our information technology systems, it may adversely affect our operations and thereby our business and financial condition. Our systems are also subject to damage our operations and thereby our business and financial condition. Our systems are also subject to damage or incapacitation by natural disasters, human error, power, loss, sabotage,

computer viruses, hacking, acts of terrorism and similar events or the loss of support services from third parties. Any disruption in the use of, or damage to, our systems may adversely affect our business, financial condition and results of operations.

- 29. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. In particular, any failure to keep abreast with the latest trends in chemical and process technologies may adversely affect our ability to compete and obtain contracts for contract research and contract manufacturing.***

Our industry, in particular in respect of chemical and process technologies, is characterized by rapid changes resulting from technological advances and scientific discoveries. Furthermore, as we seek to develop new non infringing processes and expand our product range, we would be required to keep pace with technological changes in the industry. This results in frequent introduction of new products and significant price competition. Although we strive to keep our technologies, plants and machinery current with international technological standards, the technologies, plants and machinery currently employed by us may become obsolete. The cost of implementing new technologies and upgrading our manufacturing facilities could be significant and could adversely affect our financial condition and results of operations.

- 30. *Our inability to maintain an optimal level of inventory for our business may impact our operations adversely.***

Our daily operations largely depend on consistent inventory control which is generally dependent on our projected sales in different months of the year. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a range of products. If we over-stock inventory, our required working shall capital increase and if we under-stock inventory, our ability to meet consumer demand and our operating results may be adversely affected. Any mismatch between our planning and the actual off take by customers can impact us adversely.

- 31. *Our historical revenues have been significantly dependent on few dealers. We have not entered into any long term or definitive agreements with our dealers. If our dealers choose not to source their requirements from us or if there is any loss of business from one or more of them, it may adversely affect our financial condition and results of operations.***

A significant proportion of our revenues in the domestic market have historically been derived from a limited number of dealers. Our top 10 and top 5 dealers for the year ended March 31, 2019, contributed approximately 17.11% and 14.56% respectively of our total revenue from operations. The loss of orders from any of these significant dealers will result in a considerable reduction in our revenue. Our business from dealers is dependent on our continuing relationship with such dealers, the quality of our products, competitive pricing and our ability to timely deliver on their orders, and there can be no assurance that such dealers will continue to do business with us in the future on commercially acceptable terms or at all. If our dealers do not continue to purchase products from us, or reduce the volume of products purchased from us, our business prospects, results of operations and financial condition may be adversely affected. Significant dependence on them may increase the potential volatility of our results of operations and exposure to individual contract risks. In the event that any of these customers discontinue purchase of products from us, our results of operations and financial condition may be adversely affected.

We have not entered into any long term or definitive agreements with our dealers, and instead rely on purchase orders to govern the volume, pricing and other terms of sales of our products. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, we may be unable to seek compensation for any surplus unpurchased products that we manufacture. Our dealers do not, typically, place firm purchase orders until a short time before the products are required from us as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales. Consequently, there is no commitment on the part of the dealer to continue to source their requirements from us, and as a result, our sales from period to period may fluctuate significantly as a result of changes in our dealer preferences.

Any failure to meet our dealers' expectations could result in cancellation of orders. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a dealer. Dealers may demand price reductions, set-off any payment obligations, require indemnification

for themselves or their affiliates or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition.

**32. *Our Company has unsecured loans which are repayable on demand. Any demand loan from lenders for repayment of such unsecured loans, may adversely affect our cash flows.***

As on March 31, 2019, our Company has unsecured loans amounting to ₹ 380.43 Lakhs from related and other parties that are repayable on demand to the relevant lender. Sudden recall may disrupt our operations and also may force us to opt for funding at higher interest rates, resulting in higher financial burden. Further, we will not be able to raise funds at short notice and thus result in shortage of working capital fund. For further details, please refer the chapter “*Financial Indebtedness*” on page no. 184 of this Prospectus. Any demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition.

**33. *Our business and future results of operations depend, to a significant extent, upon our ability to successfully commercialize our R&D efforts by way of cost and time efficiencies or the development of new products.***

To develop our product pipeline, we commit substantial time, efforts, funds and other resources for R&D. The R&D process is often time consuming and costly, and obtaining an approval or patent protection in any one jurisdiction would not ensure approval in other jurisdictions. Our processes and products currently under development, if and when fully developed and tested, may not perform as we expect, necessary regulatory approvals or registrations may not be obtained in a timely manner, if at all, and we may not be able to successfully and profitably produce and utilize such products or processes. Further, even if we are successful in obtaining approval or patent protection for such processes or products, such process or product may become subject to litigation by third parties claiming our process infringes on their patent, or may be otherwise unsuccessful in the market place due to the introduction of superior or more cost effective processes or products by competitors. Therefore, our investments in R&D and new product launches could result in higher costs without a proportionate increase in revenues.

Further, following any regulatory approval of any of our customers’ formulations or the approval of our own products or facilities, we will continue to be subject to continuing obligations such as with respect to safety, packaging, storage and adverse event reporting. The terms of any approval may be more restrictive than we desire and could affect the marketability of the product or otherwise reduce the size of the potential market for that product. If any foreign regulator or any of our customers supplying formulations in regulated markets becomes aware of or alleges problems with any of our products or at our facilities, we may be required to incur additional costs for testing our products, implement changes to our processes, or withdraw such products from the market. In addition, any threatened or actual government enforcement action may subject our Company to administrative or judicially imposed sanctions, including civil and criminal penalties, injunctions, product seizure or detention, product recalls, total or partial suspension of production and could also generate adverse publicity and require that we devote substantial resources that could otherwise be used in other aspects of our business. In such event, our revenues may suffer, and we could become the target of lawsuits, including product liability claims or class action suits. Such an event could affect their or our ability to commercialize our products and recoup our research and development costs, or could substantially increase the costs of developing and commercializing such products, and therefore have a material adverse effect on our business, financial condition, results of operations and growth prospects.

**34. *Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, financial condition and cash flows.***

Our business depends on our estimate of the long term demand for our APIs and other products from our customers. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. At times when we have overestimated demand, we may have incurred costs to build capacity or purchased more raw materials and manufactured more products than required. Further, the



number of purchase orders that our customers place with us differ from quarter to quarter, which has caused our revenues, results of operations and cash flows to fluctuate in the past and we expect this trend to occasionally continue in the future. Also, each of our products has a shelf life of a specified number of years and if not sold prior to expiry, may lead to losses or if consumed after expiry, may lead to health hazards. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

- 35. *Our Company exports our products to many countries such as Thailand, UAE, Bangladesh, Germany, China, Iran etc. Any adverse events affecting these countries could have a significant adverse impact on our results from operations.***

Our Company derives a significant part of its revenue from export operations. For the year ended March 31, 2019 our revenue from export operations contributed to 10.49% of the total revenue from operations. Our Company exports its products to many countries namely Thailand, UAE, Bangladesh, Germany, China, Iran etc. For details of country wise exports made by our Company, please refer chapter titled “Our Business” beginning on page 113 of this Prospectus. Consequently, any adverse changes in these economies such as slowdown in the economy, appreciation of the Indian Rupee vis-à-vis the currencies of these economies, acts of terrorism or hostility targeting these countries, etc. would directly impact our revenues and results from operations. In the event of change in policies or laws in these regions with respect to our industry, quality standards, our financial condition and business operations may be adversely affected. In case of any contingencies in future due to which we are unable to operate effectively in these markets, our results from operations, revenues and profitability may be adversely affected.

- 36. *We are subject to risks arising from foreign exchange rate fluctuations, which could adversely affect our financial condition and results of operations.***

Our business is also focused on exports to customers in international markets and approximately 10.67% of our revenue as on March 31, 2019 are earned through export market. The exchange rate between the Indian Rupee and the US Dollar and other foreign currencies have changed considerably in recent years and may further fluctuate in the future. Such fluctuations in currency exchange rates may impact our results of operations. We may, therefore, be exposed to risks arising from exchange rate fluctuations, and, we may not be able to pass on all losses on account of foreign currency fluctuations to our customers. There is no guarantee that we may be able to manage our foreign currency risk effectively or mitigate exchange exposures, at all times and our inability may adversely affect our results of operations.

- 37. *We do not have any offshore office or business place to look after our export operations.***

Our business is also focused on exports to customers in international markets and approximately 10.67% of our revenue as on March 31, 2019 are earned through export market. However, we do not have any offshore office as a result of which we may not be able to capitalize on opportunities offered by the evolving international APIs sector in a timely manner. The business operations of our Company are handled from registered office located in Baroda and manufacturing facility located at Bhavnagar. Apart from this, our Company does not have any place of business overseas either in the nature of liaison office or corporate office. Due to this, we may not be able to expand our business effectively in the international market, thereby affecting the results of operations and profitability.

- 38. *The deployment of funds raised through this Issue shall not be subject to any monitoring agency and shall be purely dependent on the discretion of the management of our Company. Further, within the parameters as mentioned in the chapter titled “Objects of the Issue” beginning on page 81 of this Prospectus, our Company’s management will have flexibility in applying proceeds of the Issue.***

Since the Issue size is less than ₹ 10,000 lakhs, there is no mandatory requirement of appointing an independent monitoring agency for overseeing the deployment of utilization of funds raised through this Issue. The deployment of these funds raised through this Issue, is hence, at the discretion of the management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

Further, we intend to use fresh Issue proceeds towards working capital and general corporate purposes. We intend to deploy the Net Issue Proceeds in financial year 2020 and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the fresh Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company. For further details of the use of the Issue proceeds, please refer the chapter titled “Objects of the Issue” on page 81 of this Prospectus.

The deployment of funds for the purposes described above is at the discretion of our Company’s Board of Directors and has not been apprised by any monitoring agency and therefore the management will have flexibility in applying the proceeds received by our Company from the Issue. The Audit Committee will monitor the utilization of the proceeds of this Issue and prepare the statement for utilization of the proceeds of this Issue. However in accordance with Section 27 of the Companies Act, 2013, a Company shall not vary the objects of the Issue without our Company being authorize to do so by our shareholders by way of special resolution and other compliances in this regard. Our Promoters and controlling shareholder shall provide exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

**39. *Any adverse events in the pharmaceutical industry to which the products of our Company cater to could have a material impact on the performance of our Company.***

The products manufactured by our Company find application in the pharma industry. Any change in demand, product specification or other adverse event pertaining to the industry may material adverse effect on the business and financial performance of our Company.

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

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

**41. *We have not made any alternate arrangements for meeting our 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 capital requirements for the objects of the issue. We meet our capital requirements through our bank finance, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future 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 81 of this Prospectus.

**42. *Our lenders have charge over our movable and immovable properties in respect of finance availed by us.***

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks. The total amounts outstanding and payable by us as secured loans were ₹ 345.74 lakhs as on the year ended March 31, 2019. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adversely effect on business, financial condition or results of operations. For further information on the *Financial Indebtedness* please refer to page 184 of this Prospectus.

- 43. *Our insurance policies do not cover all risks, specifically risks like product defect/ liability risk, loss of profits and terrorism. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.***

Our Company has obtained insurance coverage in respect of certain risks. We have taken insurance policies such as Burglary Policy and Standard Fire & Special Perils Policy. While we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks like loss of profits, losses due to terrorism, etc. Further, there can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance has been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

For further details, please refer chapter titled “*Our Business*” beginning on page 113 of this Prospectus.

- 44. *We may be unable to attract and retain employees with the requisite skills, expertise and experience, which could adversely affect our business, and increased employee compensation costs could adversely affect our financial condition.***

We rely on the skills, expertise and experience of our employees to manufacture our products as required by our customers. Our ability to sustain our growth depends, in large part, on our ability to attract, train, motivate and retain skilled personnel, particularly for R&D and commercialization functions. It may be particularly difficult to recruit appropriately skilled and qualified employees who would relocate from large metropolitan cities to our facilities at Bhavnagar and Ankleshwar, where our operations are primarily based. Our inability to recruit skilled employees or to manage attrition for our experienced employees would adversely affect our growth strategy. If some of our key employees were to join a competitor or form a competing Company, some of our customers may choose to shift their business to such a competitor. In the event we are unable to retain such employees, we may find it difficult to replace or redeploy key employees, and to such extent, our operations may be adversely affected.

- 45. *If we are unable to source business opportunities effectively, we may not achieve our financial objectives.***

Our ability to achieve financial objectives will depend on our ability to identify, evaluate and accomplish business opportunities. To grow our business, we will need to hire, train, supervise and manage new employees, expand our dealers and business network and to implement systems capable of effectively accommodating our growth. However, we cannot assure you that any such employees will contribute to the success of our business or that we will implement such systems effectively. Our failure to source substantial business opportunities effectively could have a material adverse effect on our business, financial condition and results of operations. It is also possible that the strategies used by us in the future may be different from those presently in use. No assurance can be given that our analyses of market and other data or the strategies we use or plans in future to use will be successful under various market conditions.

- 46. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.***

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our loan agreements, we may not be permitted to declare any dividends, if there is a default under such loan agreements or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation



of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see “*Dividend Policy*” on page 165 of this Prospectus.

- 47. *The objects of the Issue have not been appraised by any bank or financial institution and we have not entered into definitive agreements in relation to all of our objects of the Issue. If there are delays or cost overruns in utilization of Net Proceeds, our business, financial condition and result of operations may be adversely affected.***

We intend to utilize the Net Proceeds of the Issue as set forth in chapter titled, “*Objects of the Issue*” beginning Page 81 of this Prospectus. The fund requirement mentioned as a part of the objects of the Issue is based on internal management estimates and has not been appraised by any bank or financial institution. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, other financial condition or business strategies.

Furthermore, we may need to vary the objects of the Issue due to several factors or circumstances including competitive and dynamic market conditions, variation in cost structures, changes in estimates due to cost overruns or delays, which may be beyond our control. Pursuant to Section 27 of the Companies Act, 2013, any variation in the objects of the Issue would require a special resolution of our shareholders, and our Promoters or controlling shareholders will be required to provide an exit opportunity to our shareholders who do not agree to such variation. If our shareholders exercise such an exit option, our share price may be adversely affected. Further, we are yet to obtain consent from our lenders in relation to prepayment of the loans. We cannot assure you that we will be able to obtain the consent from the lenders in relation to the prepayment of the loans that we intend to prepay from Net Proceeds in a timely manner or at all. No assurance can be given that at the time of grant of consent for prepayment of the loan, the lender will not impose any penalty or fee towards such prepayment.

- 48. *We have taken guarantees from Promoters and members of promoter group in relation to debt facilities provided to us.***

We have taken guarantees from Promoters and members of promoter group in relation to our secured debt facilities availed from Kotak Mahindra Bank. In an event any of these persons withdraw or terminate its/their guarantees, the lender for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition.

For more information please see the chapter titled “*Financial Indebtedness*” beginning on page 184 of this Prospectus.

- 49. *Our future funds requirements, in the form of issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.***

We may require additional capital from time to time depending on our business needs. Any issue of shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

- 50. *In addition to normal remuneration or benefits and reimbursement of expenses, some of our Directors and key managerial personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.***

Our Directors and Key Managerial Personnel are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, some of our Directors and Key Managerial Personnel may also be interested to the extent of their shareholding, unsecured loan given by them or by entities in which they are interested and dividend entitlement in our Company. For further information, see “*Capital Structure*” and “*Our Management*” on pages 64 and 144, respectively, of this Prospectus.

**51. *Negative publicity could adversely affect our revenue model and profitability of our Company.***

Our business is dependent on the trust our customers have reposed in the quality of our products. Any negative publicity regarding our Company, brand, or our products including those arising from a drop in quality of merchandise from our vendors, mishaps resulting from the use of our products or any other unforeseen events could affect our reputation and our results from operations. Further, our brand may also be affected if there is a negative publicity associated with our products.

**52. *Some of the information disclosed in this Prospectus is based on information from industry sources and publications which may be based on projections, forecasts and assumptions that may prove to be incorrect. Investors should not place undue reliance on, or base their investment decision on this information.***

The information disclosed in the “Industry Overview” section of this Prospectus on page 93 is based on information from publicly-available industry, Government and research information, publications and websites and has not been verified by us independently and we do not make any representation as to the accuracy of the information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

**53. *Our Promoters and members of the Promoter Group will continue jointly to retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

After completion of the Issue, our Promoters and Promoter Group will collectively own 72.50% of the Equity Shares. As a result, our Promoters together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

**54. *Our operations may be adversely affected in case of industrial accidents at our production facility***

Usage and handling of machinery or any sharp part of any machinery by labour during production process, handling of chemicals and materials, short circuit of power supply for machines, etc. may result in accidents and fires, which could cause indirect injury to our labour, employees, other persons on the site and could also damage our properties thereby affecting our operations. Further, our plants and machinery and personnel may not be covered under adequate insurance for occurrence of particular types of accidents which could adversely hamper our cash flows and profitability.

**55. *Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be adversely affected.***

Few of our agreements may not be stamped adequately or registered. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, is to make the document inadmissible in legal proceedings. Any potential dispute due to non-compliance of local laws relating to stamp duty and registration may adversely impact the operations of our Company.

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

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

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

We have entered into various transactions with related parties, including our Promoter and Promoter Group. While we believe that all such transactions are conducted on arms' length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions were not entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in future. There can be no assurance that such transactions, individually or in 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 Annexure – XXXII titled “*Related Party Transactions*” of chapter titled “*Financial Statement as Restated*” beginning on page 166 of this Prospectus.

**58. *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 cause 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 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.

## **ISSUE SPECIFIC RISKS**

**59. *The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to sell your Equity Shares at or above the Issue Price.***

The Issue Price of our Equity Shares is determined by Company in consultation with Lead Manager. This price is based on numerous factors (For further information, please refer chapter titled “*Basis for Issue Price*” beginning on page 89 of this Prospectus) and may not be indicative of the market price of 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. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price include without limitation. The following:

- Half yearly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue 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.

**60. *Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

## **EXTERNAL RISK FACTORS**

### **INDUSTRY RISKS**

- 61. *Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.***

Our business and industry is regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

- 62. *Malpractices by some players in the industry affect overall performance of emerging Companies.***

The industry in which our Company operates is subject to risk associated with unethical business practices such as unethical marketing, dishonest advertising, questionable pricing practices, inaccurate claims with regards to safety and efficacy of the product etc. Consumers' attitude toward the industry today is dominated by a sense of mistrust, paving a way for regulators for stricter entry barriers and introduction of code of conducts; making the entire industry environment regulated and controlled. Malpractices by some players in the industry affects the overall performance of the emerging Companies like our as the industry norms are applicable to all at parity. Any unethical business practices by any industry player or intermediary may impact our business and results of operations.

### **OTHER RISKS**

- 63. *Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Prospectus.***

As stated in the reports of the Auditor included in this Prospectus under chapter "Financial Statements" beginning on page 166, the financial statements included in this Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Prospectus. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Prospectus should accordingly be limited.

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

Under the Income-tax Act, 1961, capital gains arising from the sale of equity shares in an Indian Company are generally taxable in India except any gain realised on the sale of shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the Securities Transaction Tax ("STT") has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of shares on a stock exchange held for a period of 12 months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no



STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

In Finance Bill 2017, Section 10(38) was amended to provide that exemption under this section for income arising on transfer of equity share acquired on or after 1st day of October 2004 shall be available only if the acquisition of share is chargeable to STT under Chapter VII of the Finance (No 2) Act, 2004. In this case, this provision becomes effective, sale shares acquired on or after 1st day of October 2004 on which STT was not charged will attract tax under provisions of Long Term Capital Gains.

As per Finance Bill 2018, exemption under section 10(38) for income arising from long term gains on transfer of equity share shall not be available on or after 1st day of April 2018 if the long term capital gains exceeds ₹ 1,00,000/- p.a. Such income arising from long term gains on transfer of equity share on or after 1st day of April 2018 in excess of ₹ 1,00,000/- pa. shall be chargeable at the rate of 10%.

Capital gains arising from the sale of shares will be exempt from taxation in India in cases where an exemption is provided under a tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the shares subject to relief available under the applicable tax treaty or under the laws of their own jurisdiction.

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

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Please refer to “*Key Industry Regulations and Policies*” on page 126 for details of the laws currently applicable to us. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT and surcharge currently being collected by the central and state governments. The GST is expected to increase tax incidence and administrative compliance. Given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the tax regime following implementation of the GST. The implementation of this new structure may be affected by any disagreement between certain state Governments, which could create uncertainty. Any future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable. Further, the general anti avoidance rules (“GAAR”) provisions have been made effective from assessment year 2018-19 onwards, i.e.; financial Year 2017-18 onwards and the same may get triggered once transactions are undertaken to avoid tax. The consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

**66. *Financial instability in Indian financial markets could adversely affect our Company's results of operations and financial condition.***

In this globalized world, the Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, say in the United States of America, Europe, China or other emerging economies, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

**67. *Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.***

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

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

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

**69. *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 non-residents 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.

**70. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.***

India's physical infrastructure is in developing phase compared to that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's 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 Company's

business operations, which could have an adverse effect on its results of operations and financial condition.

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

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

**72. *The occurrence of natural or man-made disasters may adversely affect our business, financial condition, results of operations and cash flows.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

**73. *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under the Companies Act, a Company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares unless the pre-emptive rights have been waived by the adoption of a special resolution by shareholders of such Company. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in our Company may be reduced.



## SECTION IV – INTRODUCTION

### THE ISSUE

The following table summarizes the Issue details:

Particulars	Details of Equity Shares
Issue of Equity Shares by our Company <sup>(1)</sup>	Issue of 16,72,000 Equity Shares of face value of ₹ 10/- each fully paid of the Company for cash at price of ₹ 51/- per Equity Share aggregating ₹ 852.72 lakhs <sup>(2)</sup>
<b>Of which:</b>	
Market Maker Reservation Portion	84,000 Equity Shares of face value of ₹ 10/- each fully paid of the Company for cash at price of Rs 51/- per Equity Share aggregating ₹ 42.84 lakhs
Employee Reservation Portion	30,000 Equity Shares of face value of ₹ 10/- each fully paid of the Company for cash at price of Rs 51/- per Equity Share aggregating ₹ 15.30 lakhs
Net Issue to the Public	15,58,000 Equity Shares of face value of ₹ 10/- each fully paid of the Company for cash at price of ₹ 51/- per Equity Share aggregating ₹ 794.58 lakhs
<b>Of Which</b>	
Retail Portion	7,80,000 Equity Shares of face value of ₹ 10/- each fully paid of the Company for cash at price of ₹ 51/- per Equity Share aggregating ₹ 397.80 lakhs will be available for allocation for allotment to Investors of up to ₹ 2.00 lakhs
Non- Institutional Portion	7,78,000 Equity Shares of face value of ₹ 10 /- each fully paid of the Company for cash at price of ₹ 51/- per Equity Share aggregating ₹ 396.78 lakhs will be available for allocation to investors above ₹ 2.00 lakhs
<b>Pre and Post Issue Equity Shares</b>	
Equity Shares outstanding prior to the Issue	44,80,318 Equity Shares of face value of ₹ 10/- each
Equity Shares outstanding after the Issue	61,52,318 Equity Shares of face value of ₹ 10/- each
Use of Proceeds	For details, please refer chapter titled “Objects of the Issue” beginning on page 81 of this Prospectus for information on use of Issue Proceeds

#### Notes:

1. This Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.
2. The Issue has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on January 17, 2019 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Extraordinary General Meeting held on February 09, 2019.
3. Allocation to investors in all categories, except the Retail Portion, shall be made on a proportionate basis subject to valid application received. The allocation to each Retail Individual Investor shall not be less than the minimum Application Lot, and subject to availability of Equity Shares in the Retail Portion, the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Also, pursuant to the

SEBI ICDR Regulations in case if the Retail Individual Investors category is entitled to more than the allocated portion on proportionate basis, the Retail category shall be allotted that higher percentage.

4. Subject to valid Application being received at the Issue Price, under-subscription, if any, in any category, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the LM and the Designated Stock Exchange.
5. This being fixed price issue under Chapter 253(2) of the SEBI (ICDR) Regulations, 2018. However QIB can apply in this IPO.

For further details please refer to section titled '*Issue Information*' beginning on page 203 of this Prospectus.

## SUMMARY OF FINANCIAL STATEMENTS

### ANNEXURE I

### STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

Amount (₹ In lakhs)

Particulars	Annex. No.	As At March 31, 2019	As At March 31, 2018	As At March 31, 2017
<b>I. Equity and Liabilities</b>				
<b>(1) Shareholders' Funds</b>				
(a) Share Capital	5	448.03	845.00	845.00
(b) Reserve & Surplus	6	2,463.70	1,224.86	1,075.34
(c) Money received against share warrants		-	-	-
<b>(2) Share application money pending allotment</b>		-	-	-
<b>(3) Non-current Liabilities</b>				
(a) Long term borrowings	7	603.14	1,306.95	1,430.07
(b) Deferred tax liabilities (Net)	8	342.43	323.72	270.00
(c) Other long term liabilities		-	-	-
(d) Long term provisions	9	32.69	26.33	24.44
<b>(4) Current Liabilities</b>				
(a) Short term borrowings	10	431.91	508.26	652.59
(b) Trade payables	11	493.18	526.13	778.31
(c) Other current liabilities	12	233.15	565.46	449.84
(d) Short term provisions	13	87.30	67.17	78.55
<b>Total</b>		<b>5,135.55</b>	<b>5,393.89</b>	<b>5,604.14</b>
<b>II. Assets</b>				
<b>(1) Non-current Assets</b>				
(a) Fixed assets				
(i) Tangible assets	14	3,634.10	3,903.50	4,153.20
(ii) Intangible assets		-	-	-
(iii) Capital WIP		-	-	-
(iv) Intangible assets under development		-	-	-
(b) Non-current investments	15	5.65	5.65	5.65
(c) Deferred tax assets (net)		-	-	-
(d) Long term loans and advances	16	77.40	82.06	87.08
(e) Other non-current assets				
<b>(2) Current Assets</b>				
(a) Current investments		-	-	-
(b) Inventories	17	429.41	406.75	398.89
(c) Trade receivables	18	851.97	872.46	811.25
(d) Cash and cash equivalents	19	3.06	6.38	1.84
(e) Short-term loans and advances	20	61.05	68.84	61.34
(f) Other current assets	21	72.92	48.25	84.90
<b>Total</b>		<b>5,135.55</b>	<b>5,393.89</b>	<b>5,604.14</b>

## ANNEXURE II

### STATEMENT OF PROFIT AND LOSS AS RESTATED

Amount (₹ In lakhs)

Particulars	Annex No	2018-19	2017-18	2016-17
I. Revenue from operations:	22	4,632.33	4,237.64	4,876.61
II. Other income:	23	8.87	4.00	4.30
<b>III. Total Revenue (I + II)</b>		<b>4,641.20</b>	<b>4,241.65</b>	<b>4,880.90</b>
<b>IV. Expenses:</b>				
Cost of material consumed	24	1,922.04	1,794.16	1,959.12
Purchases of Traded Goods		-	-	-
Changes in inventories of finished goods and work-in-progress	25	0.11	(1.49)	147.58
Employee benefit expense	26	363.91	349.20	326.48
Finance Costs	27	196.30	233.23	250.08
Depreciation and Amortization Expense	28	303.70	313.58	282.00
Other Expenses	29	1,526.77	1,297.66	1,597.31
<b>Total Expenses (IV)</b>		<b>4,312.83</b>	<b>3,986.35</b>	<b>4,562.57</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	<b>328.37</b>	<b>255.30</b>	<b>318.33</b>
VI. Exceptional Items		-	-	-
VII. Profit before extraordinary items and tax	(V - VI)	<b>328.37</b>	<b>255.30</b>	<b>318.33</b>
VIII. Extraordinary Items		-	-	-
IX. Profit before tax	(VII - VIII)	<b>328.37</b>	<b>255.30</b>	<b>318.33</b>
X. Tax Expense:				
(1) Current Tax		67.78	52.05	64.90
(2) Deferred Tax		18.71	53.72	68.65
XI. Profit(Loss) from the period from continuing operations	(IX-X)	<b>241.88</b>	<b>149.53</b>	<b>184.78</b>
XII. Profit/(Loss) from discontinuing operations		-	-	-
XIII. Tax expense of discontinuing operations		-	-	-
XIV. Profit/(Loss) from discontinuing operations after tax	(XII - XIII)	-	-	-
XV. Profit/(Loss) for the period	(XI + XIV)	<b>241.88</b>	<b>149.53</b>	<b>184.78</b>
XVI. Earning Per Equity Share:				
(1) Basic		<b>5.40</b>	<b>5.54</b>	<b>6.84</b>
(2) Diluted		<b>5.40</b>	<b>5.54</b>	<b>6.84</b>

# ANNEXURE III

## STATEMENT OF CASH FLOW AS RESTATED

Amount (₹ In lakhs)

Particulars	As At March 31, 2019	As At March 31, 2018	As At March 31, 2017
<b>Cash Flow from Operating Activities</b>			
<b>Restated Net Profit Before Tax and Extraordinary items</b>	328.37	255.30	318.33
<u>Adjustments For:</u>			
(Interest Received)	(8.87)	(4.00)	(3.47)
(Profit on sale of fixed assets)	-	-	(0.83)
Interest and Finance Charges Paid	181.15	199.12	244.18
Depreciation	303.70	313.58	282.00
<b>Operating profit before working capital changes</b>	804.35	764.00	840.21
<u>Changes in Working Capital</u>			
(Increase)/Decrease in Trade Receivables	20.49	(61.21)	(73.58)
(Increase)/Decrease in Inventories	(22.66)	(7.87)	159.00
(Increase)/Decrease in Short Term Loans and Advances	7.80	(7.50)	(20.37)
(Increase)/Decrease in Long Term Loans and Advances	4.67	5.01	(12.02)
(Increase)/Decrease in Other Current Assets	0.34	8.49	(5.56)
(Increase)/Decrease in Other Non-current Assets	-	-	-
Increase/(Decrease) in Long Term Provisions	6.36	1.89	5.93
Increase/(Decrease) in Trade Payables	(32.95)	(252.18)	134.77
Increase/(Decrease) in other Current liabilities	41.98	16.47	(29.07)
Increase/(Decrease) in Short Term Provisions	4.40	1.47	(14.22)
<b>Cash Generated from operations</b>	834.78	468.57	985.09
<b>Less : Income Tax paid</b>	(77.06)	(36.74)	(67.85)
<b>Cash Flow before extraordinary items</b>	757.72	431.83	917.24
<b>Extraordinary items</b>	-	-	-
<b>Net cash from Operating Activities.....A</b>	757.72	431.83	917.24
<b>Cash Flow from Investing Activities</b>			
(Increase)/Decrease in Non-Current Investment	-	-	-
Interest Received	8.87	4.00	3.47
(Purchase) of Tangible Fixed Assets	(34.30)	(63.89)	(180.99)
Sale of Tangible Fixed Assets	-	-	7.50
<b>Net cash from Investing Activities.....B</b>	(25.43)	(59.88)	(170.02)
<b>Cash Flow from financing Activities</b>			
Increase/(Decrease) in Share Capital	-	-	-
Increase/(Decrease) in Short Term Borrowings	(76.34)	(144.33)	(346.96)
Increase/(Decrease) in Long Term Borrowings	(478.10)	(23.96)	(247.17)
Interest and Finance Charges Paid	(181.15)	(199.12)	(244.18)
Dividend & tax thereon	(0.01)	-	(0.01)
Increase/(Decrease) in Share Application Money	-	-	-
<b>Net cash from Financing Activities.....C</b>	(735.60)	(367.41)	(838.32)
<b>Net increase in cash and cash equivalents (A+B+C)</b>	(3.31)	4.53	(91.11)
<b>Cash and cash equivalents at the beginning</b>	6.38	1.84	92.95
<b>Cash and cash equivalents at the end</b>	3.06	6.38	1.84

## GENERAL INFORMATION

Our Company was originally incorporated as a “*Par Drugs and Chemicals Private Limited*” as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated February 26, 1999 bearing Registration Number 04-35512 of 1998-99 issued by the Registrar of Companies Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at Extra-ordinary General Meeting of our Company held on October 24, 2018 and the name of our Company was changed to “*Par Drugs and Chemicals Limited*” and a fresh certificate of incorporation consequent upon Conversion of Private Company to Public Limited dated November 5, 2018 was issued by the Registrar of Companies, Ahmedabad. The Corporate Identification Number of our Company is U24117GJ1999PLC035512.

For details of Business, Incorporation, change of name and Registered Office of our Company, please refer to chapter titled “*Our Business*” and “*Our History and Certain Other Corporate Matters*” beginning on page 113 and 141 of this Prospectus.

### REGISTERED OFFICE

#### PAR DRUGS AND CHEMICALS LIMITED

805, Dwarkesh Complex, R.C. Dutt Road, Alkapuri

Vadodara- 390007, Gujarat, India

**Tel:** +91 265 2332018

**Email:** [savani.falgun@pardrugs.com](mailto:savani.falgun@pardrugs.com)

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

**Corporate Identification Number:** U24117GJ1999PLC035512

### CORPORATE OFFICE

#### PAR DRUGS AND CHEMICALS LIMITED

302, Anmol Plaza, Waghawadi Road,

Bhavnagar 364001

**Tel:** +91 278 2435400

**Email:** [savani.jignesh@pardrugs.com](mailto:savani.jignesh@pardrugs.com)

### MANUFACTURING UNITS

#### PAR DRUGS AND CHEMICALS LIMITED

##### Unit: I

333/1, GIDC, Estate,

Phase-II, Chitra,

Bhavnagar-364004, Gujarat

##### Unit: II

5901/1, G.I.D.C., Ankleshwer,

Industrial Estate, Ankleshwer,

Bharuch, Gujarat - 393002

### REGISTRAR OF COMPANIES

#### REGISTRAR OF COMPANIES, AHMEDABAD, GUJARAT

ROC Bhavan, Opp. Rupal Park Society,

Behind Ankur Bus Stop, Naranpura,

Ahmedabad-380013, Gujarat.

**Website:** [www.mca.gov.in](http://www.mca.gov.in)

### DESIGNATED STOCK EXCHANGE

#### NATIONAL STOCK EXCHANGE OF INDIA LIMITED

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

Bandra - Kurla Complex, Bandra (E),

Mumbai - 400051

Maharashtra, India

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

## BOARD OF DIRECTORS

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

Sr. No.	Name	Age (In Years)	DIN	Address	Designation
1.	Falgun Vallabhbbhai Savani	44	00198236	13, Spring View Residency, Near Bright Day School Vasna, Bhayli Road, Bhayli Vadodara-391410, Gujarat India	Chairman & Managing Director
2.	Jignesh Vallabhbbhai Savani	41	00198203	Falgun, 42/B, Takhteshwar Plot Waghawadi Road, Bhavnagar - 364001, Gujarat India	Executive Director & CEO
3.	Ghanshayambhai Bhagvanbhai Savani	48	03055941	203, Siddhgiri Flat, Chitranjan Chowk, Vidyanagar Bhavnagar-364001, Gujarat India.	Whole Time Director
4.	Shilpa Falgunbhai Savani	39	00198250	13, Spring View Residency, Near Bright Day School Vasna Bhayli Road, Bhayli Vadodara-391410 Gujarat India	Non - Executive Director
5.	Nayna Jignesh Savani	40	00198189	Falgun, 42/B, Takhteshwar Plot Waghawadi Road, Bhavnagar-364001, Gujarat, India	Non - Executive Director
6.	Kajal Chintanbhai Vaghani	39	08317641	Plot No. 73, Sardar Patel Society, Near Jewels Circle, Bortalav, Bhavnagar 364003, Gujarat India	Independent Director
7.	Krishna Mitulbhai Shah	39	08317678	Plot No. 1868/B, Visarg, Near Gopal Nursing Home, Atabhai Chowk, Bhavnagar 364001, Gujarat India	Independent Director
8.	Pravin Manjibhai Bhayani	48	08332851	Plot No. 39, Vrundavan Society, Near Kaliyabid Water Tank, Waghawadi Road, Bhavnagar- 364001 Gujarat India	Independent Director

For further details of our Directors, please refer to the chapter titled “*Our Management*” beginning on page 144 of this Prospectus.

## CHIEF FINANCIAL OFFICER

**CHINTAN PRATAPBHAI CHAUHAN**

333/1, GIDC, Estate,

Phase-II, Chitra,



Bhavnagar-364004, Gujarat

**Tel:** +91 278 2447013

**Email:** [cfo.par@pardrugs.com](mailto:cfo.par@pardrugs.com)

#### **COMPANY SECRETARY & COMPLIANCE OFFICER**

##### **SANKET BHUPENDRABHAI TRIVEDI**

333/1, GIDC, Estate,

Phase-II, Chitra,

Bhavnagar-364004, Gujarat

**Tel:** +91 278 2447013

**Email:** [cs.sanket@pardrugs.com](mailto:cs.sanket@pardrugs.com)

**Investors can contact the Company Secretary and Compliance Officer, the Lead Manager 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, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.**

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Applicant should give full details such as name of the sole or first Applicant, ASBA Form number, Applicant DP ID, Client ID, PAN, date of the ASBA Form, address of the Applicant, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Applicant.

Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

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

#### **STATUTORY & PEER REVIEW AUDITOR**

##### **V DHAMSANIA & ASSOCIATES**

###### **Chartered Accountants**

302, Imperial Arc, Opp. University Gate,

Waghawadi Road, Bhavnagar - 364001,

Gujarat, India

**Tel:** +91-9898027172

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

**Contact Person:** Vipul V Dhamsania

**Firm Registration Number:** 132499W

**Membership Number:** 140836

**Peer Review Certificate No.:** 011546

V Dhamsania & Associates, Chartered Accountant holds a peer reviewed certificate dated February 11, 2019 valid till February 10, 2023, issued by the Institute of Chartered Accountants of India.

#### **LEAD MANAGER**

##### **PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**

406-408, Keshava Premises, Behind Family Court,

Bandra Kurla Complex, Bandra (East)

Mumbai- 400051, Maharashtra, India

**Tel:** +91 22 6194 6700

**Fax:** + 91 22 2659 8690

**Email:** [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)

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

**Contact Person:** Hardik Bhuta

**SEBI Registration No:** INM000012110

#### **REGISTRAR TO THE ISSUE**

##### **LINK INTIME INDIA PRIVATE LIMITED**

C 101, 1<sup>st</sup> Floor, 247 Park,  
L.B.S. Marg, Vikhroli (West),  
Mumbai - 400083, Maharashtra, India.

**Tel:** +91 22 49186200

**Fax:** +91 22 49186195

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

**Investor Grievance E-mail:** [pardrugs.ipo@linkintime.co.in](mailto:pardrugs.ipo@linkintime.co.in)

**Contact Person:** Ms. Shanti Gopalkrishnan

**SEBI Registration Number:** INR000004058

**CIN:** U67190MH1999PTC118368

#### **LEGAL ADVISOR TO THE ISSUE**

##### **M V KINI, LAW FIRM**

Kini House, Near Citi Bank,  
D.N. Road, Fort, Mumbai - 400001,  
Maharashtra, India

**Tel:** +91 22 22612527/28/29

**Fax:** +91 22 22612530

**E-mail:** [vidisha@mvkini.com](mailto:vidisha@mvkini.com)

**Contact Person:** Vidisha Krishan

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

#### **BANKER TO THE COMPANY**

##### **KOTAK MAHINDRA BANK LIMITED**

20-28, C- Wing, 3<sup>rd</sup> Floor,  
Trident Complex, Opp. Geri Compound,  
Race Course, Vadodara - 390007,  
Gujarat, India.

**Tel:** +91 265 6176313

**Email:** [chandresh.jain@kotak.com](mailto:chandresh.jain@kotak.com)

**Contact Person:** Chandresh Jain

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

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

##### **ICICI BANK LIMITED**

Capital Market Division, 1st Floor,  
122, Mistry Bhavan, Dinshaw Vachha Road,  
Backbay Reclamation, Churchgate, Mumbai - 400020

**Tel:** 022- 66818933/924/932

**Fax:** 022- 22611138

**Email:** [meghana.avaala@icicibank.com](mailto:meghana.avaala@icicibank.com)

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

**Contact Person:** Meghana Avala

**SEBI Registration No:** INBI000000004

#### **SPONSOR BANK**

##### **ICICI BANK LIMITED**

Capital Market Division, 1st Floor,  
122, Mistry Bhavan, Dinshaw Vachha Road,  
Backbay Reclamation, Churchgate, Mumbai - 400020

**Tel:** 022- 66818933/924/932

**Fax:** 022- 22611138

**Email:** [meghana.avaala@icicibank.com](mailto:meghana.avaala@icicibank.com)

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

**Contact Person:** Meghana Avala

**SEBI Registration No:** INBI000000004

#### **DESIGNATED INTERMEDIARIES**

##### **Self-Certified Syndicate Banks**

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

##### **Investors Banks or Issuer Banks for UPI**

The list of Self Certified Syndicate Banks that have been notified by SEBI to act as Investors Bank or Issuer Bank for UPI mechanism are provide on the website of SEBI on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>. For details on Designated Branches of SCSBs collecting the Bid Cum Application Forms, please refer to the above mentioned SEBI link.

##### **Registered Brokers**

Applicants can submit the Application Forms in the Issue using the stock broker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the National Stock Exchange of India Ltd., as updated from time to time. In relation to ASBA Applications submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

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

The list of the RTAs eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of Stock Exchange at National Stock Exchange of India Ltd. will be available on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) and updated from time to time.

##### **Collecting Depository Participants**

The list of the CDPs eligible to accept Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange at National Stock Exchange of India Ltd., as updated from time to time. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Application Forms from the Designated Intermediaries will be available on the website

of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>) and updated from time to time.

#### **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 IX of the SEBI (ICDR) Regulations, 2018 there is no requirement of appointing an IPO Grading agency.

#### **APPRAISAL AGENCY AND MONITORING AGENCY**

As per Regulation 262 (1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Issue size is below ₹ 10,000 Lakhs. Since the Issue size is only of ₹ 852.72 lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

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

Since Pantomath Capital Advisors Private Limited is the sole Lead Manager to this Issue, a statement of inter se allocation of responsibilities among Lead Manager is not applicable.

#### **EXPERT OPINION**

Except the report of the Auditor on statement of tax benefits and report on restated financial statements for the year ended March 31, 2019, 2018 and 2017 as included in this Prospectus, our Company has not obtained any expert opinion.

#### **DEBENTURE TRUSTEE**

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

#### **FILING OF OFFER DOCUMENT**

The Draft Prospectus has not been filed with SEBI, nor has SEBI issued any observation on the Offer Document in terms of Regulation 246 of SEBI (ICDR) Regulations. However, pursuant to sub regulation (5) of regulation 246, the copy of Draft Prospectus has been furnished to the board in a soft copy. Pursuant to SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>.

A copy of the Prospectus along with the documents are filed under Section 26 of the Companies Act, 2013 to the RoC situated at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat India.

#### **WITHDRAWAL OF THE ISSUE**

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

If our Company withdraws the Issue any time after the Issue Opening Date but before the allotment of Equity Shares, a public notice will be issued by our Company within two (2) Working Days of the Issue Closing Date, providing reasons for not proceeding with the Issue. 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.

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

## UNDERWRITER

Our Company and Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten. The underwriting agreement is dated April 22, 2019 and pursuant to the terms of the underwriting agreement; obligations of the underwriter are subject to certain conditions specified therein. The underwriter has indicated their intention to underwrite following number of specified securities being offered through this Issue.

Name and Address of the Underwriter	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees In Lakhs)	% of the Total Issue Size Underwritten
<b>PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED</b> 406-408, Keshava Premises Co-Op Soc. Ltd. Bandra Kurla Complex, Bandra (East) Mumbai 400051 <b>Tel:</b> +91 22 61946700 <b>Fax:</b> +91 22 26598690 <b>Email:</b> <a href="mailto:ipo@pantomathgroup.com">ipo@pantomathgroup.com</a> <b>Contact Person:</b> Hardik Bhuta <b>SEBI Registration Number:</b> INM000012110	16,72,000	852.72	100%
<b>Total</b>	<b>16,72,000</b>	<b>852.72</b>	<b>100%</b>

*Note-Includes 84,000 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in order to claim compliance with the requirements of Regulation 261(4) of the SEBI (ICDR) Regulations, 2018, as amended.*

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

## CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS

Except as stated below, there has been no change in the Auditors of our Company during the last three years:

Name of Auditor	Date of Change	Reason for change
<b>M/s. V Dhamsania &amp; Associates</b> 214, Krushnadarshan, Parimal Chowk, Waghawadi Road, Bhavnagar -364001, Gujarat India <b>Email:</b> <a href="mailto:vipuldhamsania@gmail.com">vipuldhamsania@gmail.com</a> <b>Firm Registration Number:</b> 132499W	July 30, 2018	Appointment
<b>M/s. D C P &amp; Associates</b> 26, third Floor, Galaxy Plaza, Near Umiya Circle, Sanala Road Morbi-363641, Gujarat <b>Email :</b> <a href="mailto:ca.dcpassociates@gmail.com">ca.dcpassociates@gmail.com</a> <b>Firm Registration Number:</b> 124179W	July 25, 2018	Resignation
<b>M/s. D C P &amp; Associates</b> 214, Krushnadarshan, Parimal Chowk, Waghavadi Road, Bhavnagar, Gujarat-364001 <b>Email :</b> <a href="mailto:ca.dcpassociates@gmail.com">ca.dcpassociates@gmail.com</a> <b>Firm Registration Number:</b> 124179W	August 30, 2016	Appointment due to merger of V Dhamsania & Associates with D C P & Associates

## DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company and the Lead Manager have entered into a tripartite agreement dated April 18, 2019 with the following Market Maker, duly registered with National Stock Exchange of India Limited to fulfil the obligations of Market Making:

### **PANTOMATH STOCK BROKERS PRIVATE LIMITED**

108, Madhva Premises, Behind Family Court,  
Bandra Kurla Complex, Bandra (East), Mumbai 400051,  
Maharashtra, India

**Tel:** +91 22 4257 7000

**Fax:** +91 22 2659 8690

**Email:** [broking@pantomathgroup.com](mailto:broking@pantomathgroup.com)

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

**Contact Person:** Mahavir Toshniwal

**SEBI Registration No.:** INZ000068338

**Pantomath Stock Brokers Private Limited**, registered with EMERGE platform of National Stock Exchange of India Limited will act as the Market Maker and has agreed to receive or deliver of the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by any amendment to SEBI (ICDR) Regulations.

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI ICDR Regulations, as amended from time to time and the circulars issued by National Stock Exchange of India Limited and SEBI in this matter from time to time.

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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. The spread (difference between the sell and the buy quote) shall not be more than 10% or as specified by the stock exchange from time to time. Further, the Market Maker(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of National Stock Exchange of India Limited and SEBI from time to time.
3. The minimum depth of the quote shall be ₹ 1, 00,000/-. However, the investors with holdings of value less than ₹ 1,00,000/- shall be allowed to Issue their holding to the Market Maker(s) (individually or jointly) in that scrip provided that they sells their entire holding in that scrip in one lot along with a declaration to the effect to the selling broker. Based on the IPO price of ₹ 51/- the minimum lot size is 2000 Equity Shares thus minimum depth of the quote shall be ₹ 1,02,000/- until the same, would be revised by NSE.
4. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Issue Size (including the 16,72,000 Equity Shares out to be allotted under this Issue). Any Equity Shares allotted to Market Maker under this Issue over and above 25% Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduce to 24% of Issue Size, the Market Maker will resume providing 2-way quotes.
5. There shall be no exemption / threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, NSE may intimate the same to SEBI after due verification.
6. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.



7. There would not be more than five Market Makers for the Company's Equity Shares at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors. At this stage, Pantomath Stock Brokers Private Limited is acting as the sole Market Maker.
8. 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. The securities of the Company will be placed in SPOS and would remain in Trade for Trade settlement for 10 days from the date of listing of Equity share on the Stock Exchange.
9. The shares of the Company will be traded in continuous trading session from the time and day the Company gets listed on EMERGE Platform of National Stock Exchange of India Limited and market maker will remain present as per the guidelines mentioned under NSE and SEBI circulars.
10. Price Band and Spreads: SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for Issue size up to ₹ 250 Crores, the applicable price bands for the first day shall be:
  - (i) 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.
  - (ii) In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the Offer 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 SME Exchange Platform.

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

11. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily / fully from the market-for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
12. The Market Maker shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker(s) in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 261 of the SEBI (ICDR) Regulations. Further the Company and the Lead Manager reserve the right to appoint other Market Maker(s) either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed 5 (five) or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.

13. National Stock Exchange of India Limited will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.



14. National Stock Exchange of India Ltd. 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.
15. 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.
16. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for Market Makers during market making process has been made applicable, based on the issue size and as follows:

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

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

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 Equity Share capital of our Company, as on the date of this Prospectus and after giving effect to the Issue is set forth below:

Amount (₹ in lakhs except share data)

Particulars		Aggregate Nominal value	Aggregate Value at Issue Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	87,50,000 Equity Shares of face value of ₹ 10/- each	875.00	-
<b>B.</b>	<b>Issued, Subscribed and paid-up Share Capital before the Issue</b>		
	44,80,318 Equity Shares of face value of ₹ 10/- each	448.03	-
<b>C.</b>	<b>Present Issue in terms of this Prospectus</b>		
	Issue of 16,72,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 51/- per Equity Share	167.20	852.72
	<i>Consisting of:</i>		
	<b>Market maker reservation portion</b> – 84,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 51/- per Equity Share	8.40	42.84
	<b>Employee Reservation Portion</b> – 30,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 51/- per Equity Share	3.00	15.30
	<b>Net Issue to the Public</b> – 15,58,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 51/- per Equity Share	155.80	794.58
	<b>Of the Net Issue to the Public</b>		
	<b>Allocation to Retail Individual Investors</b> – 7,80,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 51/- per Equity Share shall be available for allocation for Investors applying for a value of upto ₹ 2 lakhs	78.00	397.80
	<b>Allocation to Other than Retail Individual Investors</b> – 7,78,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ 51/- per Equity Share shall be available for allocation for Investors applying for a value of above ₹ 2 lakhs	77.80	396.78
<b>D.</b>	<b>Issued, Subscribed and Paid-Up Share Capital after the Issue</b>		
	61,52,318 Equity Shares of face value of ₹ 10/- each	615.23	-
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue		996.97
	After the Issue		1682.49

*The Issue has been authorized by the Board of Directors of our Company vide a resolution passed at its meeting held on January 17, 2019, and by the shareholders of our Company vide a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Extra-Ordinary General Meeting held on February 09, 2019.*

The Company has only one class of share capital i.e. Equity Shares of face value of ₹ 10/- each only as on the date of this Prospectus. All Equity Shares issued are fully paid-up. Our Company has no outstanding convertible instruments as on the date of this Prospectus.

## NOTES TO THE CAPITAL STRUCTURE

### 1. Details of changes in authorised Share Capital:

Since the Incorporation of our Company, the authorized share capital of our Company has been altered in the manner set forth below:

Particulars of Change		Date of Shareholder's Meeting	AGM / EGM
Increased / Reclassified From	Increased / Reclassified To		
The authorised share capital of our Company on incorporation comprised of ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of ₹ 10/- each		On Incorporation	-
₹ 1,00,00,000 consisting of 10,00,000 Equity shares of ₹ 10/- each	₹ 1,50,00,000 consisting of 15,00,000 Equity shares of ₹ 10/- each	April 18, 2006	EGM
₹ 1,50,00,000 consisting of 15,00,000 Equity shares of ₹ 10/- each	₹ 8,75,00,000 consisting of 30,00,000 Equity shares of ₹ 10/- each and 57,50,000 0.001% Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10/- each	May 23, 2011	EGM
₹ 875,00,000 consisting of 30,00,000 Equity shares of ₹ 10/- each and 57,50,000 0.001% Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10/- each	₹ 8,75,00,000 consisting of 87,50,000 Equity shares of ₹ 10/- each	March 09, 2019	EGM

### 2. History of Equity Share Capital of our Company -

Date of Allotment/ Fully Paid up	No. of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative no. of Equity Shares	Cumulative Paid-up Equity Share Capital (₹)
On Incorporation	18	10	10	Cash	Subscription to MOA <sup>(1)</sup>	18	180
April 1, 1999	8,50,000	10	10	Cash	Further Allotment <sup>(2)</sup>	8,50,018	85,00,180
April 19, 2006	5,00,000	10	10	Cash	Further Allotment <sup>(3)</sup>	13,50,018	1,35,00,180
May 25, 2011	13,50,000	10	10	Cash	Further Allotment <sup>(4)</sup>	27,00,018	2,70,00,180
March 09, 2019	8,71,209	10	66	Other than Cash	Conversion of Preference Shares into Equity Shares <sup>(5)</sup>	35,71,227	3,57,12,270
March 09, 2019	9,09,091	10	66	Other than Cash	Conversion of Unsecured Loan into Equity Share Capital <sup>(6)</sup>	44,80,318	4,48,03,180

- 1) Initial Subscribers to the Memorandum of Association subscribed 18 Equity Shares of face value of ₹ 10/- each fully paid at par as per the details given below:

Sr. No.	Name of Subscribers	No. of shares subscribed
1	Vallabhbhai Savani	9
2	Sarita Savani	9
	<b>Total</b>	<b>18</b>

- 2) Further allotment of 8,50,000 Equity Shares of face value of ₹ 10/- each fully paid at par on April 01,1999 as per the details given below:

Sr. No.	Name of Allottees	No. of shares subscribed
1	Vallabhbhai Savani	6,54,615
2	Sarita Savani	1,57,863
3	Pal-Jig Pharma Capital Pvt. Ltd.	37,522
	<b>Total</b>	<b>8,50,000</b>

- 3) Further allotment of 5,00,000 Equity Shares of face value of ₹ 10/- each fully paid at par on April 19, 2006 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1	Vallabhbhai Savani	2,50,000
2	Sarita Savani	50,000
3	Falgun Savani	1,00,000
4	Jignesh Savani	1,00,000
	<b>Total</b>	<b>5,00,000</b>

- 4) Further allotment of 13,50,000 Equity Shares of face value of ₹ 10/- each fully paid at par on May 25, 2011 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1	Vallabhbhai Savani	8,10,000
2	Falgun Savani	1,35,000
3	Jignesh Savani	1,35,000
4	Ghanshayambhai Savani	67,500
5	Shilpa Savani	67,500
6	Nayna Savani	67,500
7	Sarita Savani	67,500
	<b>Total</b>	<b>13,50,000</b>

- 5) Further allotment of 8,71,209 Equity Shares of face value of ₹ 10/- each upon conversion of Preference Shares into Equity Shares of face value of ₹ 10/- each fully paid at premium of ₹ 56/- per equity share on March 09, 2019 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1	Falgun Savani	3,41,555

Sr. No.	Name of Allottees	No. of shares Allotted
2	Jignesh Savani	3,41,575
3	Ghanshayambhai Savani	12,121
4	Sarita Savani	72,727
5	Vallabhbhai Savani	60,808
6	Nayna Savani	22,727
7	Shilpa Savani	19,696
	<b>Total</b>	<b>8,71,209</b>

6) Further allotment of 9,09,091 Equity Shares of face value of ₹ 10/- each upon conversion of Unsecured Loan into Equity Shares of face value of ₹ 10/- each fully paid at premium of ₹ 56/- per equity share on March 09, 2019 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1	Vallabhbhai Savani	8,73,910
2	Jignesh Savani	24,592
3	Ghanshayambhai Savani	8,193
4	Falgun Savani	1,368
5	Shilpa Savani	490
6	Nayna Savani	465
7	Sarita Savani	73
	<b>Total</b>	<b>9,09,091</b>

### 3. History of Preference Share Capital of our Company -

Date of Allotment/ Fully Paid up	No. of Shares Preference Shares allotted	Face value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative no. of Preference Shares	Cumulative Paid-up Preference Share Capital (₹)
May 25, 2011	57,50,000	10	10	Cash	Further Allotment <sup>(1)</sup>	57,50,000	5,75,00,000

*Note:- As on date of this Prospectus, all the Preference Shares are converted into fully paid up Equity Shares.*

1) Allotment of 57,50,000 0.001% Convertible Non-cumulative Redeemable Preference Shares of face value of ₹ 10 each fully paid at par on May 25, 2011 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1	Vallabhbhai Savani	37,00,000
2	Jignesh Savani	7,10,000
3	Falgun Savani	5,00,000
4	Sarita Savani	4,80,000
5	Nayana Savani	1,50,000
6	Shilpa Savani	1,30,000

Sr. No.	Name of Allottees	No. of shares Allotted
7	Ghanshayambhai Savani	80,000
	<b>Total</b>	<b>57,50,000</b>

4. Except as mentioned below, our Company has not issued any Equity Shares for consideration other than cash –

Sr. No	Date of allotment*	Number of equity shares	Face Value (₹)	Issue Price (₹)	Reasons for allotment	No. of allottees	Benefits accrued to our Company
1.	March 09, 2019	8,71,209	10/-	66/-	Further Allotment	7	Conversion of Preference Shares into Equity
2.	March 09, 2019	9,09,091	10/-	66/-	Further Allotment	7	Conversion of Unsecured loan to Equity

\*For details of Allottees, please refer point no. 2 above.

5. As on date of this Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under sections 391-394 of the Companies Act, 1956 and/or sections 230-232 of the Companies Act, 2013.
6. Our Company has not issued any shares pursuant to an Employee Stock Option Scheme.
7. Our Company has not revalued its assets since incorporation and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
8. Except as mentioned below, our Company has not issued any shares at price below issue price during a period of one year preceding the date of this Prospectus –

Sr. No.	Date of allotment	Face Value (₹)	Issue Price (₹)	Reasons for allotment	Name of Allottees	Number of equity shares	Promoter/ Promoter Group/ Public
1.	March 09, 2019	10	66	Further Allotment upon Conversion of Preference Shares into Equity	Jignesh Savani	3,41,575	Promoter
					Falgun Savani	3,41,555	Promoter
					Sarita Savani	72,727	Promoter Group
					Vallabhbbhai Savani	60,808	Promoter Group
					Nayna Savani	22,727	Promoter Group
					Shilpa Savani	19,696	Promoter Group
					Ghanshayambhai Savani	12,121	Promoter Group



2.	March 09, 2019	10	66	Further Allotment upon Conversion of Unsecured Loan into Equity	Vallabhbhai Savani	8,73,910	Promoter Group
					Jignesh Savani	24,592	Promoter
					Ghanshayambhai Savani	8,193	Promoter Group
					Falgun Savani	1,368	Promoter
					Shilpa Savani	490	Promoter Group
					Nayna Savani	465	Promoter Group
					Sarita Savani	73	Promoter Group

9. As on the date of this Prospectus, our Company does not have any preference Share Capital.

## 10. Build-up of Promoters' shareholding, Promoters' contribution and lock-in:

### i. Build Up of Promoter's shareholdings:

As on the date of this Prospectus, our Promoters, Falgun Savani and Jignesh Savani together holds 26,37,196 Equity Shares of our Company which is 58.86 % of our pre-Issue paid-up capital. None of the Equity shares held by our promoters are subject to any pledge.

#### 1. Falgun Savani

Date of Allotment / Transfer / when made fully paid up	Types of Shares	No. of Shares	Face value per Share (₹)	Issue / Acquisition / Transfer price (₹)*	Nature of consideration	Nature of Transactions	Pre-Issue shareholding %	Post- Issue shareholding %
April 19, 2006	Equity	1,00,000	10	10	Cash	Further Allotment	2.23	1.63
May 25, 2011	Equity	1,35,000	10	10	Cash	Further Allotment	3.01	2.19
	Preference	5,00,000	10	10	Cash	Further Allotment	-	-
October 25, 2017	Equity	729,053	10	NA	NA	Acquisition by way of Gift	16.27	11.85
	Preference	17,54,266	10	NA	NA	Acquisition by way of Gift	-	-
March 09, 2019	Preference	(22,54,266)	10	-	NA	Conversion of Preference Shares into Equity Shares	-	-
	Equity	3,41,555	10	66	Other than Cash		7.62	5.55
March 09, 2019	Equity	1,368	10	66	Other than Cash	Conversion of Unsecured Loan into Equity Shares	0.03	0.02
<b>Total</b>	<b>Equity</b>	<b>13,06,976</b>					<b>29.17</b>	<b>21.24</b>

## 2. Jignesh Savani

Date of Allotment / Transfer / when made fully paid up	Types of Shares	No. of Shares	Face value per Share (₹)	Issue / Acquisition / Transfer price (₹)*	Nature of consideration	Nature of Transactions	Pre-Issue shareholding %	Post- Issue shareholding %
April 19, 2006	Equity	1,00,000	10	10	Cash	Further Allotment	2.23	1.63
May 25, 2011	Equity	1,35,000	10	10	Cash	Further Allotment	3.01	2.19
	Preference	7,10,000	10	10	Cash	Further Allotment	-	-
October 25, 2017	Equity	7,29,053	10	NA	NA	Acquisition by way of Gift	16.27	11.85
	Preference	15,44,398	10	NA	NA	Acquisition by way of Gift	-	-
March 09, 2019	Preference	(22,54,398)	10	-	NA	Conversion of Preference Shares into Equity Shares	-	-
	Equity	3,41,575	10	66	Other than Cash		7.62	5.55
March 09, 2019	Equity	24,592	10	66	Other than Cash	Conversion of Unsecured Loans into Equity Shares	0.55	0.40
<b>Total</b>	<b>Equity</b>	<b>13,30,220</b>					<b>29.69</b>	<b>21.62</b>

## ii. Details of Promoter's Contribution locked in for three years:

Pursuant to Regulation 236 and 238 of SEBI ICDR Regulations, an aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as Promoter's Contribution ("**Promoters Contribution**") and shall be locked-in for a period of three years from the date of allotment of equity shares issued pursuant to this Issue. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters have given written consent to include such number of Equity Shares held by them and subscribed by them as a part of Promoters' Contribution constituting 20.02% of the post Issue Equity Shares of our Company and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution, for a period of three years from the date of allotment in the Issue.

Date of Allotment/ transfer / made fully paid up	No. of Equity shares locked-in	Face Value	Issue Price	Nature of transaction	% of Post Issue shareholding	Lock in Period
<b>Falgun Savani</b>						
April 19, 2006	1,00,000	10	10	Further Allotment	1.63	3 Years
May 25, 2011	1,35,000	10	10	Further Allotment	2.19	3 Years
October 25, 2017	3,81,000	10	10	Acquisition by way of Gift	6.19	3 Years
<b>Total (A)</b>	<b>6,16,000</b>				<b>10.01</b>	
<b>Jignesh Savani</b>						
April 19, 2006	1,00,000	10	10	Further Allotment	1.63	3 Years
May 25, 2011	1,35,000	10	10	Further Allotment	2.19	3 Years
October 25, 2017	3,81,000	10	10	Acquisition by way of Gift	6.19	3 Years
<b>Total (B)</b>	<b>6,16,000</b>				<b>10.01</b>	
<b>Grand Total (A+B)</b>	<b>12,32,000</b>				<b>20.02</b>	

The Minimum Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI ICDR Regulations. The Equity Shares that are being locked in are not ineligible for computation of Promoters' Contribution in terms of Regulation 237 of the SEBI ICDR Regulations. In connection, we confirm the following:

- The Equity Shares offered for minimum 20 % Promoters' Contribution have not been acquired in the three years preceding the date of this Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets nor resulted from a bonus issue out of the revaluation reserves or unrealized profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Prospectus at a price lower than the Issue Price;
- No equity shares have been issued to our promoter upon conversion of a partnership firm during the preceding one year at a price less than the Issue price.
- The Equity Shares held by the Promoters and offered for minimum Promoters' contribution are not subject to any pledge;
- All the Equity Shares of our Company held by the Promoters are in dematerialized form; and

- f) The Equity Shares offered for Promoter's contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the Promoter's contribution subject to lock-in.

### iii. Details of Share Capital locked in for one year

Pursuant to regulation 238(b) and 239 of the SEBI (ICDR) Regulations, 2018, other than the above Equity Shares that are locked in for three years, the entire pre-Issue Equity Share capital of our Company shall be locked-in for a period of one year from the date of allotment in the Public Issue.

### iv. Other requirements in respect of lock-in:

Pursuant to Regulation 242 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' Contribution for 3 years under Regulation 242(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Provided that such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the specified securities till the lock-in period stipulated in these regulations has expired.

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

Further, pursuant to Regulation 243 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the equity shares which are locked-in as per Regulation 239 of the SEBI ICDR Regulations, along with the equity shares proposed to be transferred, provided that lock-in on such equity shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended and in compliance with the Takeover Code, as applicable.

We further confirm that our Promoters' Contribution of 20% of the post Issue Equity Share capital does not include any contribution from Alternative Investment Fund, foreign venture capital investors, scheduled commercial banks, public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India.

11. Except as mentioned below, there were no shares purchased/sold by the Promoters and Promoter Group, directors and their relatives during last six months –

Date of transfer	Name of Transferor	Name of Transferee	Party Category	Number of Shares Transferred	Face Value	Transfer Price	Reason
March 28, 2019	Vallabhbhai Savani	Asmitaben Bhayani	Promoter Group to Public Category	20,000	10	66	Transfer

## 12. Shareholding Pattern

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

### Summary of Shareholding Pattern as on the date of this Prospectus:-

Category	Category of Shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form***
								No Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
I	II	III	IV	V	VI	VII = IV + V + VI	VIII	IX		X	XI = VII + X	XII		XIII		XIV
A	Promoter and Promoter Group	7	44,60,318	-	-	44,60,318	99.55	44,60,318	99.55	-	99.55	-	-	-	-	44,60,318
B	Public	1	20,000	-	-	20,000	0.45	20,000	0.45	-	0.45	-	-	-	-	20,000
C	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	8	44,80,318	-	-	<b>44,80,318</b>	<b>100.00</b>	<b>44,80,318</b>	<b>100.00</b>	-	<b>100.00</b>	-	-	-	-	44,80,318



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

*\*\*All Pre-IPO Equity Shares of our Company will be locked in as mentioned above prior to Listing of Shares on NSE Emerge.*

*Note: PAN of the Shareholders will be provided by our Company prior to Listing of Equity Share on the Stock Exchange.*

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one day prior to the listing of the Equity shares. The Shareholding pattern will be uploaded on the website of NSE before commencement of trading of such Equity Shares.

- v. The details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category Promoter and Promoter Group are as under:

Sr. No.	Name of the Shareholders	Pre – Issue		Post – Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Post-Issue Capital
(I)	(II)	(III)	(IV)	(V)	(VI)
	<b>Promoter</b>				
1.	Jignesh Savani	13,30,220	29.69	13,30,220	21.62
2.	Falgun Savani	13,06,976	29.17	13,06,976	21.24
	<b>Sub Total (A)</b>	<b>26,37,196</b>	<b>58.86</b>	<b>26,37,196</b>	<b>42.87</b>
	<b>Promoter Group</b>				
3.	Vallabhbhai Savani	11,71,236	26.14	11,71,236	19.04
4.	Ghanshayambhai Savani	3,62,642	8.09	3,62,642	5.89
5.	Sarita Savani	1,10,866	2.47	1,10,866	1.80
6.	Nayana Savani	90,692	2.02	90,692	1.47
7.	Shilpa Savani	87,686	1.96	87,686	1.43
	<b>Sub Total (B)</b>	<b>18,23,122</b>	<b>40.69</b>	<b>18,23,122</b>	<b>29.63</b>
	<b>Total (A+B)</b>	<b>44,60,318</b>	<b>99.55%</b>	<b>44,60,318</b>	<b>72.50</b>

13. The list of the shareholders of the Company holding 1% or more of the paid up share capital aggregating to 80% or more of the paid up share capital of the Company:

1. as on the date of this Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the total Pre Issue Paid-up Shares
1.	Jignesh Savani	13,30,220	29.69
2.	Falgun Savani	13,06,976	29.17
3.	Vallabhbhai Savani	11,71,236	26.14
4.	Ghanshayambhai Savani	3,62,642	8.09
5.	Sarita Savani	1,10,866	2.47
6.	Nayana Savani	90,692	2.02
7.	Shilpa Savani	87,686	1.96
	<b>Total</b>	<b>44,60,318</b>	<b>99.55</b>

2. Ten days prior to the date of this Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Total Paid-up Shares Capital
1.	Jignesh Savani	13,30,220	29.69
2.	Falgun Savani	13,06,976	29.17

3.	Vallabhbhai Savani	11,71,236	26.14
4.	Ghanshayambhai Savani	3,62,642	8.09
5.	Sarita Savani	1,10,866	2.47
6.	Nayana Savani	90,692	2.02
7.	Shilpa Savani	87,686	1.96
	<b>Total</b>	<b>44,60,318</b>	<b>99.55</b>

### 3. One year prior to the date of this Prospectus -

#### Details of holding of Equity Share Capital -

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the then existing Paid-up Equity Share capital
1.	Falgun Savani	9,64,053	35.71
2.	Jignesh Savani	9,64,053	35.71
3.	Ghanshayambhai Savani	3,04,806	11.29
4.	Vallabhbhai Savani	2,56,518	9.50
5.	Shilpa Falgun Savani	67,500	2.50
6.	Nayana Savani	67,500	2.50
7.	Sarita Savani	38,066	1.41
8.	Phal –Jig Fine Chemicals Private Limited	37,522	1.39
	<b>Total</b>	<b>27,00,018</b>	<b>100.00</b>

#### Details of holding of Preference Share Capital -

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the then existing Paid-up Preference Share Capital
1.	Jignesh Savani	22,54,398	39.21
2.	Falgun Savani	22,54,266	39.20
3.	Sarita Savani	4,80,000	8.35
4.	Vallabhbhai Savani	4,01,336	6.98
5.	Nayana Savani	1,50,000	2.61
6.	Shilpa Falgun Savani	1,30,000	2.26
7.	Ghanshayambhai Savani	80,000	1.39
	<b>Total</b>	<b>57,50,000</b>	<b>100.00</b>

### 4. Two years prior to the date of this Prospectus –

#### Details of holding of Equity Share Capital –

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the then existing Paid-up Equity Share Capital
1.	Vallabhbhai Savani	17,14,624	63.50
2.	Sarita Savani	2,75,372	10.20
3.	Falgun Savani	2,35,000	8.70
4.	Jignesh Savani	2,35,000	8.70
5.	Shilpa Falgun Savani	67,500	2.50
6.	Nayana Savani	67,500	2.50
7.	Ghanshayambhai Savani	67,500	2.50
8.	Phal-Jig Pharma Capital Pvt. Ltd.	37,522	1.39
	<b>Total</b>	<b>27,00,018</b>	<b>100.00</b>

**Details of holding of the Preference Share Capital –**

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the then existing Paid-up Preference Share Capital
1.	Vallabhbhai Savani	37,00,000	64.35
2.	Jignesh Savani	7,10,000	12.35
3.	Falgun Savani	5,00,000	8.70
4.	Sarita Savani	4,80,000	8.35
5.	Nayana Savani	1,50,000	2.61
6.	Shilpa Falgun Savani	1,30,000	2.26
7.	Ghanshayambhai Savani	80,000	1.39
	<b>Total</b>	<b>57,50,000</b>	<b>100.00</b>

11. Our Company has not made any initial public issue of its Equity Shares or any convertible securities during the preceding 02 (two) years from the date of this Prospectus.
12. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed Issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
13. Neither the Lead Manager viz. Pantomath Capital Advisors Private Limited, nor their associates hold any Equity Shares of our Company as on the date of this Prospectus.
14. There are no Equity Shares against which depository receipts have been issued.
15. 30,000 Equity Shares have been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid application being received at the Issue Price and subject to the maximum application amount by each eligible employee not exceeding ₹ 5,00,000. However, the initial allotment to an eligible employee in the employee reservation portion shall not exceed ₹ 200,000 (which will be less Employee Discount).

Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Applications in the Employee Reservation Portion, for a value in excess of ₹ 200,000 subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount). Only Eligible Employees are eligible to apply in this issue under the Employee Reservation Portion. Applications by Eligible Employees applying under the Employee Reservation Portion may also be made in the Net Issue and such applications will not be treated as multiple Applications. If the aggregate demand in the Employee Reservation Portion is greater than 30,000 Equity Shares at the Issue Price, allocation will be made on a proportionate basis. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from the date of this Prospectus until the Equity Shares have been listed. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

16. None of the persons/entities comprising our Promoter Group, the directors of Company which is our promoter or our Directors or their relatives or our Company have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity/individual or otherwise during the period of six months immediately preceding the date of filing of this Prospectus.
17. We shall ensure that transactions in Equity Shares by the Promoter and members of the Promoter Group, if any, between the date of filing the Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchanges within 24 hours of such transactions being completed.
18. An over-subscription to the extent of 10% of the issue can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, 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 our Promoters and subject to lock- in shall be suitably increased; so as to ensure that a minimum of 20% of the post issue paid-up capital is locked in.
19. As on date of this Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instruments into our Equity Shares.
20. All the Equity Shares of our Company are fully paid up as on the date of this Prospectus. Further, since the entire issue price in respect of the issue is payable on application, all the successful applicants will be issued fully paid-up equity shares and thus all shares offered through this issue shall be fully paid-up.
21. As per RBI regulations, OCBs are not allowed to participate in this Issue.
22. Our Company has not raised any bridge loans against the proceeds of the Issue.
23. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
24. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
25. An applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors
26. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this issue other than to the Eligible Employees who shall be eligible for Employee Discount.
27. Our Company has 8 shareholders as on the date of filing of this Prospectus

28. Our Promoters and the members of our Promoter Group will not participate in this Issue.
  29. Our Company has not made any public issue since its incorporation.
  30. For the details of transactions by our Company with our Promoter Group, Group Companies during the period ended March 31, 2019, 2018 and 2017, please refer to paragraph titled Details of Related Parties Transactions as restated in the chapter titled Financial Statements as restated on page 166 of this Prospectus.
- None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled *Our Management* beginning on page 144 of this Prospectus.



## OBJECTS OF THE ISSUE

### Requirement of Funds

The proceeds of the Issue, after deducting Issue related expenses, are estimated to be ₹ 788.72 lakhs (the “**Net Proceeds**”).

We intend to utilize the Net Proceeds from Issue towards the following objects:

1. Funding the working capital requirements of our Company; and
2. General corporate purposes.

(Collectively, herein referred to as the “**Objects**”)

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

Also, we believe that the listing of Equity Shares will enhance our Company’s corporate image, brand name and create a public market for our Equity Shares in India.

### ISSUE PROCEEDS

The details of the Issue Proceeds are set out in the following table:

*(Rs in lakhs)*

Particulars	Estimated Amount
Gross Proceeds of the Issue	852.72
Less- Issue related expenses	64.00
<b>Net Proceeds</b>	<b>788.72</b>

### UTILISATION OF NET PROCEEDS

The Net Proceeds are proposed to be utilised in the manner set out in in the following table:

*(Rs in lakhs)*

Sr. No.	Particulars	Estimated Amount	Percentage of Gross Proceeds	Percentage of Net Proceeds
1.	Funding the working capital requirements of our Company	700.00	82.09%	88.75%
2.	General Corporate Purposes	88.72	10.40%	11.25%

### SCHEDULE OF IMPLEMENTATION & DEPLOYMENT OF FUNDS

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. As on the date of this Prospectus, our Company had not deployed any funds towards the objects of the Issue.

(₹ in lakhs)

Sr. No.	Particulars	Amount to be funded from the Net Proceeds	Estimated Utilisation of Net Proceeds (Financial Year 2019-2020)
1.	Funding the working capital requirements of our Company	700.00	700.00
2.	General Corporate Purposes	88.72	88.72

To the extent our Company is unable to utilise any portion of the Net Proceeds towards the Objects, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the Objects.

#### MEANS OF FINANCE

The fund requirement set out for the aforesaid objects will be met through the Net Proceeds to the extent of ₹ 788.72 lakhs and balance through internal accruals/ net worth/secured & unsecured Loans and short term bank finance. Further details of funding of objects is given below:

(Rs in lakhs)

Objects of the Issue	Amount Required	IPO Proceeds	Internal Accruals/ Net worth	Short Term Cash Credit Facility
Funding the working capital requirements of our Company	1,128.18	700.00	228.18	200.00
General Corporate Purposes	88.72	88.72	-	-

Accordingly, we confirm that we are in compliance with the requirement to make firm arrangements of finance under Regulation 230 (1) (e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Net Proceeds and existing identifiable internal accruals.

#### APPRAISAL BY APPRAISING AGENCY

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

The fund requirements are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management. In the event of any shortfall of funds for the activity proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds, our management may explore a range of options including utilising our internal accruals or seeking debt financing.

#### Details of the Objects

The details of the objects of the Fresh Issue are set out below.

##### 1. Funding the working capital requirements of our Company

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, net worth financing from various banks and financial institutions. Our Company's existing working capital requirement and funding on the basis of Restated Financial Statements for Fiscal 2018 and 2019 are as stated below:

(₹ in lakhs)

Particulars	Fiscal 2018 (Restated)	Fiscal 2019 (Restated)
<b>Current Assets</b>		
Inventories		
- Raw Material and consumables	54.34	77.11
- Semi – Finished Goods	129.23	98.55
- Finished Goods	223.18	253.75
Trade Receivables	872.46	851.97
Cash and Bank Balance	6.38	3.06
Short term loans & advances	68.84	61.05
Other Current assets	48.25	72.92
<b>Total (A)</b>	<b>1,402.68</b>	<b>1,418.41</b>
<b>Current Liabilities.</b>		
Trade Payables	526.13	493.18
Other Current Liabilities & Short Term Provision	632.64	320.45
<b>Total (B)</b>	<b>1,158.77</b>	<b>813.63</b>
<b>Total Working Capital (A)-(B)</b>	<b>243.91</b>	<b>604.78</b>
<b>Existing Funding Pattern</b>		
Short-term borrowings from banks	508.26	431.91
Internal Accrual/Networth	-	172.87

### Basis of estimation of working capital requirement

On the basis of our existing working capital requirements and the projected working capital requirements, our Board pursuant to its resolution dated April 23, 2019 has approved the business plan for the Fiscal 2020. The projected working capital requirements for Fiscal 2020 is stated below:

(₹ in lakhs)

Particulars	Fiscal 2020 (Estimated)
<b>Current Assets</b>	
Inventories	
- Raw Material and consumables	114.12
- Semi – Finished Goods	170.42
- Finished Goods	283.00
Trade Receivables	937.07
Cash and Bank Balance	13.68
Short term loans & advances	60.47
Other Current Assets	155.38
<b>Total (A)</b>	<b>1734.14</b>
<b>Current Liabilities</b>	
Trade Payables	425.73
Other Current Liabilities & Short Term Provision	180.23
<b>Total (B)</b>	<b>605.96</b>
<b>Total Working Capital (A)-(B)</b>	<b>1128.18</b>
<b>Existing Funding Pattern</b>	
Internal Accrual/Networth	228.18
Short-term borrowings from banks	200.00
IPO Proceeds	700.00

### Assumption for working capital requirements:

(In months)

Particulars	Holding Level for Fiscal 2018 (Restated)	Holding Level for Fiscal 2019 (Restated)	Holding Level for Fiscal 2020 (Estimated)
<b>Current Assets</b>			
Inventories			
- Raw Materials	0.26	0.21	0.34

Particulars	Holding Level for Fiscal 2018 (Restated)	Holding Level for Fiscal 2019 (Restated)	Holding Level for Fiscal 2020 (Estimated)
- Semi – Finished Goods	0.43	0.30	0.47
- Finished Goods	0.63	0.66	0.70
Trade Receivables	2.53	2.24	2.33
<b>Current Liabilities</b>			
Trade Payables	3.22	3.30	2.63

### Justification for “Holding Period” levels

The justifications for the holding levels mentioned in the table above are provided below:

Current Assets	
Inventories	<p><b>Raw Material-</b> We have assumed raw material Inventory period of 0.34 month for the Fiscal 2020 as against 0.21 month for Fiscal 2019 as we expect to increase our production which require more raw material in coming year.</p> <p><b>Semi – Finished Goods-</b> We have assumed semi – finished Goods Inventory period of 0.47 month for the Fiscal 2020 as against 0.30 month for Fiscal 2019 to increase our business operations in these year.</p> <p><b>Finished Goods-</b> We have assumed finished goods inventory of 0.70 month for Fiscal 2020 as against 0.66 month for Fiscal 2019 to keep in line with our expected increase in finished goods turnover in coming year.</p>
Trade receivables	Our Company shall give credit facility of around 2.33 months to our debtors for Fiscal 2020 as compared to 2.24 months for Fiscal 2019. Going forward our Company intends to provide liberal credit facility to our debtors to increase our business operation.
Current Liabilities	
Trade Payables	We have assumed trade payables period of 2.63 months for the Fiscal 2020 as against credit period of 3.30 months for Fiscal 2019 as we intend to decrease the credit period expected from our creditors due to fulfilment of our working capital requirements through our proposed initial public Issue. This would help us in maintaining good relations with our creditors.

Our Company proposes to utilize ₹ 700.00 lakhs of the Net Proceeds in Fiscal 2020 towards our working capital requirements. The balance portion of our working capital requirement for the Fiscal 2020 will be arranged from existing Bank borrowings and internal accruals/ net worth.

## 2. General Corporate Purposes

The Net Proceeds will be first utilized towards the Objects as mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount being raised by our Company, in compliance with the SEBI ICDR Regulations. Our Company intends to deploy the balance Net Proceeds, if any, for general corporate purposes, subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

- (i) strategic initiatives
- (ii) brand building and strengthening of marketing activities; and

(iii) On-going general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board of Directors based on the permissible amount actually available under the head “General Corporate Purposes” and the business requirements of our Company, from time to time. We, in accordance with the policies of our Board, will have flexibility in utilizing the Net Proceeds for general corporate purposes, as mentioned above.

#### ISSUE RELATED EXPENSES

The expenses for this Issue include issue management fees, underwriting fees, registrar fees, legal advisor fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed ₹ 64.00 Lakhs.

Expenses	Expenses (Rs in lakhs)	Expenses (% of total Issue expenses)	Expenses (% of Gross Issue Proceeds)
Fees payable to the Lead Manager (including Underwriting commission, Printing & Stationary and Selling Commission)	40.00	62.50%	4.69%
Fees payable to the to the Regulators including stock exchanges	5.00	7.81%	0.59%
Brokerage and selling commission payable to designated Intermediaries <sup>1</sup>	2.50	3.91%	0.29%
Brokerage and selling commission payable to Registered Brokers <sup>2</sup>	0.45	0.70%	0.05%
Processing fees to SCSBs for ASBA Applications and Issuer banks for UPI Mechanism w.r.t application Forms procured by the Registered Brokers and submitted with the SCSBs <sup>3</sup>	0.05	0.08%	0.01%
Others (including advertising & marketing, auditor's fees, legal advisors, registrar to the issue and other miscellaneous expenses.)	16.00	25.00%	1.88%
<b>Total estimated Issue expenses</b>	<b>64.00</b>	<b>100.00%</b>	<b>7.51%</b>

As on the date of the Prospectus, Our Company has incurred ₹ 23.01 lakhs towards Issue Expenses out of internal accruals.

<sup>1</sup>Selling commission payable to the registered broker, CDPs, RTA and SCSBs, on the portion for RIIs and NIIs, would be as follows:

Portion for RIIs 0.25% ^ (exclusive of GST)

Portion for NIIs 0.15% ^ (exclusive of GST)

^Percentage of the amounts received against the Equity Shares Allotted (i.e. the product of the number of Equity Shares Allotted and the Issue Price).

Further, RTAs and CDPs will be entitled to application charges of ₹ 10.00/- (plus applicable GST) per valid ASBA Form. The terminal from which the application has been uploaded will be taken into account in order to determine the total application charges payable to the relevant RTA/CDP.



<sup>2</sup>Registered Brokers, will be entitled to a commission of ₹ 10.00/- (plus GST) per Application Form, on valid Applications, which are eligible for allotment, procured from RIIs and NIIs and submitted to the SCSB for processing. The terminal from which the application has been uploaded will be taken into account in order to determine the total processing fees payable to the relevant Registered Broker.

<sup>3</sup>SCSBs would be entitled to a processing fee of ₹ 10.00/- (plus GST) for processing the Application Forms procured by Registered Brokers, RTAs or the CDPs and submitted to SCSBs. Issuer banks for UPI Mechanism as registered with SEBI would be entitled to a processing fee of ₹ 8.00/- (plus GST) for processing the Application Forms procured by the Registered Brokers, RTAs or the CDPs and submitted to them.

## **BRIDGE FINANCING**

We have not entered into any bridge finance arrangements that will be repaid from the Net Issue Proceeds. However, we may draw down such amounts, as may be required, from an overdraft arrangement / cash credit facility with our lenders, to finance the requirements until the completion of the Issue. Any amount that is drawn down from the overdraft arrangement / cash credit facility during this period to finance project requirements will be repaid from the Net Proceeds of the Issue.

## **INTERIM USE OF FUNDS**

Pending utilization of the Issue Proceeds for the Objects of the Issue described above, our Company shall deposit the funds only in Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilization of the proceeds of the Issue as described above, it shall not use the funds from the Issue Proceeds for any investment in equity and/or real estate products and/or equity linked and/or real estate linked products.

## **MONITORING UTILIZATION OF FUNDS**

As the size of the Issue does not exceed ₹ 10,000 lakhs in terms of Regulation 262 of the SEBI (ICDR Regulations, 2018, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds and will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscal subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(5) of the Listing Regulations, our Company shall disclose to the Audit Committee the uses and applications of the Net Proceeds. Our Company shall prepare an annual statement of funds utilized for purposes other than those stated in this Prospectus, certified by the statutory auditors of our Company and place it before the Audit Committee, as required under applicable laws. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. Furthermore, in accordance with the Regulation 32(1) of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilization of the Net Proceeds of the Issue from the objects of the Issue as stated above; and (ii) details of category wise variations in the utilization of the Net Proceeds of the Issue from the objects of the Issue as states above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee

## **VARIATION IN OBJECTS**

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

## **OTHER CONFIRMATIONS**

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

## BASIS FOR ISSUE PRICE

The Issue Price of ₹ 51.00/- per share is determined by our Company in consultation with the Lead Manager on the basis of an assessment of qualitative and quantitative factors as described below. The face value of the Equity Shares of our Company is ₹ 10 each and the Issue Price is 5.1 times of the face value.

Investors should also refer “*Our Business*”, “*Risk Factors*” and “*Financial Statements as Restated*” beginning on pages 113, 26 and 166 respectively, of this Prospectus, to have an informed view before making an investment decision.

### QUALITATIVE FACTORS

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

- Wide Product Range;
- Global Presence;
- Experienced Promoters;
- Robust chemistry capabilities;
- Diversified customer base;
- Established sales and distribution network in Gujarat; and
- Established track record of delivering growth;

For further details, refer to heading “*Our Competitive Strengths*” under chapter titled “*Our Business*” beginning on page 115 of this Prospectus.

### QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for the financial years ended March 31, 2019, 2018 and 2017 prepared in accordance with Indian GAAP, the Companies Act and Restated in accordance with SEBI ICDR Regulations. For details, refer chapter titled “*Financial Statements as Restated*” and “other financial information” beginning on page 166 and 167 of this Prospectus. Some of the quantitative factors, which may form the basis for computing the Issue Price, are as follows:

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

Year Ended	Basic & Diluted EPS (₹)	Weight
March 31, 2019	5.40	3
March 31, 2018	5.54	2
March 31, 2017	6.84	1
<b>Weighted Average</b>		<b>5.69</b>

Notes:

1. *Weighted average number of Equity Shares are the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year. The figures disclosed above are based on the Restated Summary Financial Information of our Company.*
2. *The face value of each Equity Share is ₹ 10.*
3. *Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share', notified under Section 133 of Companies Act, 2013 read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.*

4. *Basic Earnings per share = Net profit/ (loss) after tax, as restated attributable to equity shareholders / Weighted average number of shares outstanding during the year.*
5. *Diluted Earnings per share = Net profit after tax, as restated / Weighted average number of diluted equity shares outstanding during the year.*
6. *Weighted average EPS = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each fiscal] / [Total of weights].*

**2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹ 51.00 per Equity Share of face value ₹ 10 each fully paid up**

Particulars	P/E ratio
P/E ratio based on Basic & Diluted EPS for FY 2018-19	9.44
P/E ratio based on Weighted Average Basic & Diluted EPS	8.96
<b>Industry P/E Ratio*</b>	
Highest	23.97
Lowest	1.89
Average	15.38

\*Industry composite comprises of Aarti Drugs Limited, Shilpa Medicare Limited and Vasundhara Rasayans Limited.

**3. Return on Equity Net worth (RoNW):**

Year Ended	RoNW (%)	Weight
March 31, 2019	8.31	3
March 31, 2018	10.00	2
March 31, 2017	13.73	1
<b>Weighted Average</b>	<b>9.78</b>	

Notes:

1. *The RONW has been computed by dividing net profit after tax (excluding exceptional income, if any) as restated by equity net worth (excluding revaluation reserve, if any) as restated as at year end.*
2. *Weighted average RoNW= Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RoNW x Weight) for each fiscal] / [Total of weights].*

**4. Net Asset Value (NAV) per equity share of face value ₹ 10 each fully paid up:**

Particulars	Amount in ₹ Per Equity Share
Net Asset Value per Equity Share as of March 31, 2019	64.99
Net Asset Value per Equity Share after the Issue	61.19
Issue Price per equity share	51.00

Note: Net Asset Value per Equity Share has been computed as Equity Net Worth divided by closing number of equity shares.

## 5. Comparison with listed industry peers:

Companies	CMP*	Basic EPS	Diluted EPS	PE Ratio	RON W (%)	NAV (per share)	Face Value (per share)	Total Income (₹ in Lakhs)
Par Drugs and Chemicals Limited	51.00	5.40	5.40	9.44	8.31	64.99	10.00	4,641.20
<b>Peer Group**</b>								
<i>Aarti Drugs Limited</i>	621.65	30.67	30.67	20.27	16.95	183.69	10.00	1,16,082.97
<i>Shilpa Medicare Limited</i>	399.85	16.68	16.68	23.97	11.52	141.91	1.00	76,726.13
<i>Vasundhara Rasayans Limited</i>	38.80	20.51	20.51	1.89	47.46	43.22	10.00	2,464.23

\* CMP for our Company is considered as Issue Price

\*\*Source: [www.bseindia.com](http://www.bseindia.com)

Notes:

1. Considering the nature and size of business of the Company, the peers are not strictly comparable. However the same has been included for broad comparison.
2. The figures for Par Drugs and Chemicals Limited is based on the restated financial statements for the year ended March 31, 2019.
3. The figures for the peers are based on the standalone audited results for the year ended March 31, 2018, filled with BSE.
4. Current Market Price (CMP) is the closing price of peers script as on April 22, 2019 on BSE. However, CMP for our Company is the Final Price that is determined by the Company in consultation with the LM.
5. NAV per share is computed as the closing net worth divided by the closing outstanding number of paid up equity shares. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserve less miscellaneous expenditure not written off if any).
6. P/E Ratio has been computed based on the closing market price of peers group's equity shares on April 22, 2019 on BSE, as divided by the Basic EPS provided.
7. RoNW has been computed as net profit after tax divided by closing net worth. Net worth has been computed as the aggregate of equity share capital and reserves and surplus (excluding Revaluation Reserve less miscellaneous expenditure not written off if any).
8. The Issue Price of Par Drugs and Chemicals Limited is ₹ 51.00/- per Equity Share.

Investors should read the above mentioned information along with “Our Business” “Risk Factors” and “Financial Statements as Restated” beginning on pages 113, 26 and 166 of this Prospectus, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “Risk Factors” or any other factors that may arise in the future and you may lose all or part of your investments.

## STATEMENT OF POSSIBLE TAX BENEFITS

Particulars	Page No.
Statement of Possible Tax Benefits	S-1 to S-3

## STATEMENT OF POSSIBLE TAX BENEFITS

To  
The Board of Directors  
**Par Drugs and Chemicals Limited**  
805, Dwarkesh Complex,  
R.C DUTT Road, Alkapuri,  
Vadodara-390007

Dear Sir/Ma'am,

**Sub: Proposed Initial Public Offering (IPO) of the Equity Shares of the Par Drugs and Chemicals Limited, (the "Company"), pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations") and the Companies Act, 2013, as amended (the "Act").**

1. This report is issued in accordance with the terms of our engagement letter dated February 27, 2019.
2. The accompanying Statement of Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Income Tax Act, 1961 (read with Income Tax Rules, Circulars and Notifications) as amended by the Finance Act, 2018 (hereinafter referred to as the "Income Tax Regulations") and under the Goods And Service Tax Act, 2017 (read with Goods And Service Tax Rules, Circulars and Notifications) has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

### **Management's responsibility**

1. The preparation of this Statement as of the date of our report which is to be included in the Draft Prospectus/ Prospectus (the "Offer Document") is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company, for the purpose set out in paragraph 12 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

### **Auditor's responsibility**

1. Our work has been carried out in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.
2. Pursuant to the SEBI Regulations and the Act, it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the special tax benefits available as of September 30, 2018 to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.
3. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Offering.
4. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI



## **Inherent Limitations**

1. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information
2. Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive
3. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue

Further, we give no assurance that the income tax authorities/ other indirect tax authorities/courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

## **Opinion**

1. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available as of March 31, 2019, to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations & other Indirect Tax Regulations as at the date of our report. Considering the matter referred to in paragraph 5 above, we are unable to express any opinion or provide any assurance as to whether:
  - (i) The Company or its shareholders will continue to obtain the benefits as per the Statement in future; or
  - (ii) The conditions prescribed for availing the benefits as per the Statement have been/ would be met with.

## **Restriction on Use**

2. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Document, prepared in connection with the Offer to be filed by the Company with the SEBI and the concerned stock exchange.

## **For, V Dhamsania & Associates**

### **Chartered Accountants**

Firm Registration No: 132499W

Vipul V Dhamsania (Partner)

Membership No. - 140836

Place: Bhavnagar

Date: 22/04/2019

CC:

Pantomath Capital Advisors Private Limited  
406-408, Keshwa Premises, Behind Family Court,  
Bandra Kurla Complex  
Mumbai- 400051  
(the "Lead Manager")

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

### **A) Direct Taxation:**

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

**YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.**

#### **a. Special tax benefits to the company**

**There are no special tax benefits to the company.**

#### **b. Special tax benefit to the shareholder**

**There are no special tax benefits to the shareholders of the company.**

Note:

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

### **B) Indirect Taxation:**

- 1) **Benefits available under the Goods And Service Tax Act, 2017 (read with Goods And Service Tax Rules, Circulars and Notifications) (together referred to as “GST Regime “or “GST Law”)**

#### **1.1. Special tax benefits to the company**

**There are no special tax benefits to the company.**

#### **1.2. Special tax benefit to the shareholder**

**There are no special tax benefits to the shareholders of the company**

## SECTION V – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. You should read the entire Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 26 and 166 respectively of this Prospectus before deciding to invest in our Equity Shares*

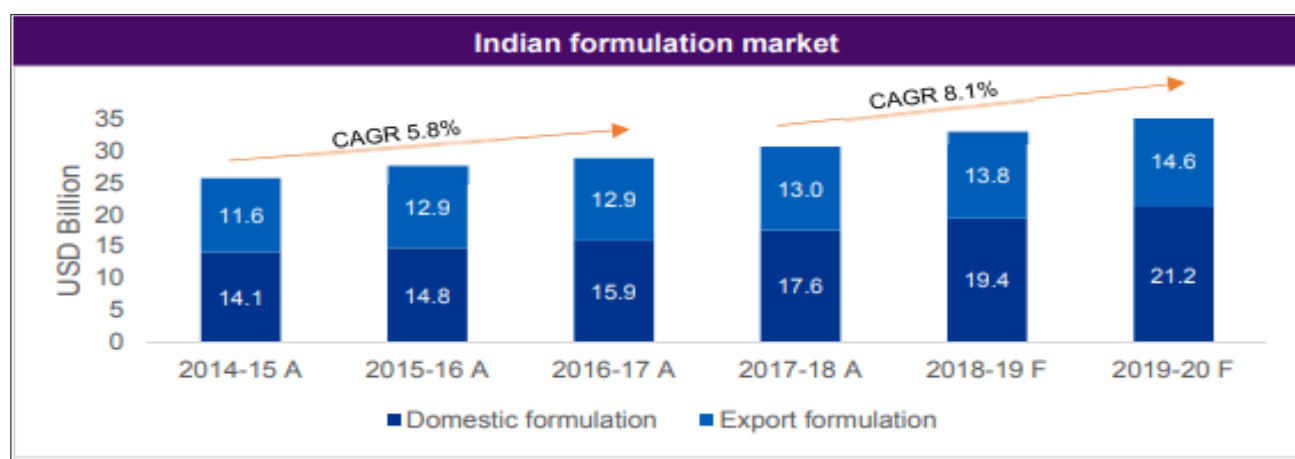
#### INTRODUCTION TO INDIAN PHARMACEUTICAL INDUSTRY

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, and it accounts for 20 per cent in the volume terms and 1.4 per cent in value terms of the Global Pharmaceutical Industry as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

Indian pharmaceutical industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK. Indian healthcare sector, one of the fastest growing sectors, is expected to cross US\$ 372 billion by 2022. The country’s pharmaceutical industry is expected to expand at a CAGR of 22.4 per cent over 2015–20 to reach US\$ 55 billion<sup>2</sup>. India is the second largest contributor of global biotech and pharmaceutical workforce. The pharmaceutical sector was valued at US\$ 33 billion in 2017.

India’s domestic pharmaceutical market has been pegged at USD17.6 billion in 2017–18. The market is estimated to grow to USD21.2 billion by 2019–20. A key driver for this growth is the country’s large population and a sizeable, growing segment of elderly citizens.

The Indian pharmaceutical industry has come a long way- from being a relatively small player to emerging as one of the prominent drug producers in the world.



(Source: Introduction to Indian Pharmaceuticals Industry, Indian Brand Equity Foundation: [www.ibef.org](http://www.ibef.org) Oppi Annual Report 2017-18; organisation of pharmaceutical producers of India; [www.indiaoppi.com](http://www.indiaoppi.com) )

#### STATISTICS OF INDIAN PHARMA MARKET

Indian pharmaceutical market grew 5.5 per cent in CY2017 in terms of moving annual turnover. With a turnover of Rs 1.16 trillion (US\$ 18.06 billion).

- In Jul-Sep 2018, Indian pharmaceutical market grew 9.7 per cent and stood at Rs 1.26 trillion (US\$ 17.95 billion) for the Moving Annual Total (MAT) ended September. In October 2018, the Indian market grew by 12.2 per cent year-on-year.
- Medicine spending in India is expected to increase at 9-12 per cent CAGR between 2018-22 to US\$ 26-30 billion.
- India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over others.
- The Ayurveda sector in India is expected to reach US\$ 4.4 billion by 2018 end and grow at 16 per cent CAGR till 2025.
- Increase in the size of middle class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.

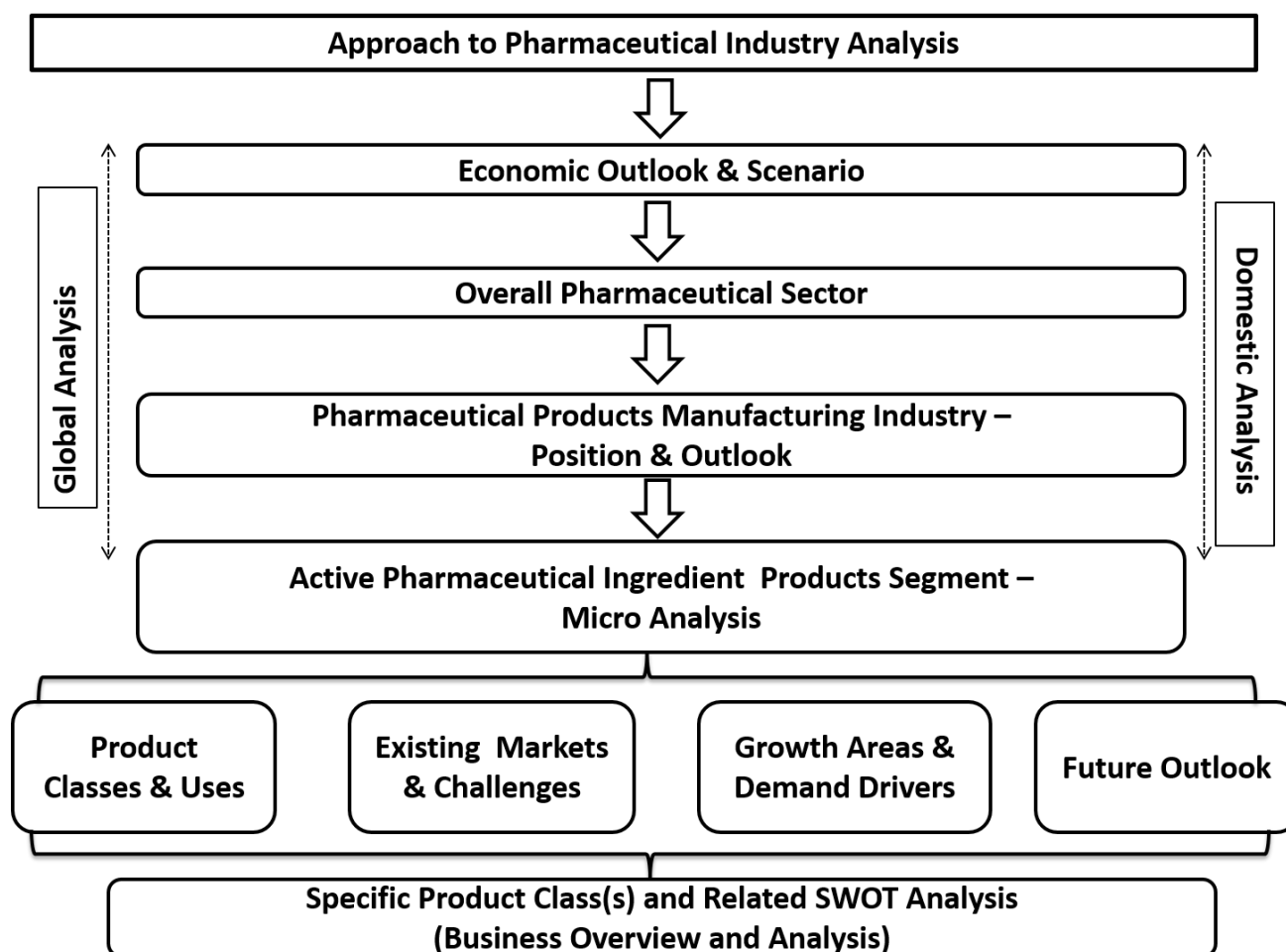
(Source: *Introduction to Indian Pharmaceuticals Industry*, Indian Brand Equity Foundation: [www.ibef.org](http://www.ibef.org) )

## **APPROACH TO PHARMACEUTICAL INDUSTRY ANALYSIS**

Analysis of Pharmaceutical Industry needs to be approached at both macro and micro levels, whether for domestic or global markets. Pharmaceutical Industry forms part of Pharmaceutical Sector at a macro level. Hence, broad picture of Pharmaceutical Sector should be at preface while analysing the Pharmaceutical Industry.

Pharmaceutical Sector comprises various industries, which in turn, have numerous sub-classes or products. One such major industry in the overall Pharmaceutical Sector is “Pharmaceutical Products Manufacturing Industry”, which in turn encompasses Active Pharmaceutical Ingredient segment.

Thus, the micro analysis of segments such as Active Pharmaceutical Ingredients should be analysed in the light of “Pharmaceutical Products Manufacturing Industry” at large. An appropriate view on Active Pharmaceutical Ingredients calls for the overall economic outlook, performance and expectations of Pharmaceutical Sector, position of Pharmaceutical Products Manufacturing Industry and micro analysis thereof.



*This Approach Note is developed by Pantomath Capital Advisors (P) Ltd ('Pantomath') and any unauthorized reference or use of this Note, whether in the context of Pharmaceuticals Industry and / or any other industry, may entail legal consequences.*

## GLOBAL ECONOMIC OVERVIEW

According to the International Monetary Fund (IMF), the global economy is experiencing a near-synchronous recovery, the most broad-based since 2010. In 2017, roughly three-quarters of countries experienced improvements in their growth rates, the highest share since 2010. The latest World Economic Outlook (WEO) of the IMF shows global GDP growth accelerated to around 3.6 percent in 2017 from 3.2 percent in 2016, and the forecast for 2018 has been upgraded by 0.2 percentage points to 3.9 percent. Although rebounding, global growth is still well below levels reached in the 2000s.

One reason why the recovery has spread around the globe is that world trade in goods and services has finally emerged from its torpor, registering 4.7 percent real volume growth in 2017 compared with 2.5 percent in 2016. Another reason is that commodity producers such as Russia, Brazil, and Saudi Arabia, which for the past few years been suffering from depressed prices, have benefitted from the upswing in demand. Commodity prices increased smartly in 2017, led by petroleum, whose price rose by 16 percent to reach \$61 per barrel by the end of the year.

Even as global growth and commodity prices have surged, inflation has remained remarkably quiescent, remaining below 2 percent in the main advanced regions. Consequently, monetary policies in the US, Eurozone and Japan have remained highly accommodative despite a strong recovery. These unusual settings—rapid growth, ultra-low interest rates—at a late stage in the economic cycle have produced the rarest of combinations: record-high high bond prices and stock market valuations, both at the same time. The consensus forecast calls for these conditions to be sustained in 2018, as companies respond to buoyant demand conditions by stepping

up investment, some governments (such as the US) embark on expansionary fiscal policies, while advanced country monetary policies remain stimulative and world trade continues to grow briskly.

What are the risks? Of course, there are the usual geo-political and geo-economic risks: war in the Korean peninsula; political upheaval in the Middle East; aggressive output cuts by Saudi Arabia (and Russia) in advance of the planned listing of the Saudi Arabian oil Company, Aramco, which could force oil prices even higher; a final reckoning from China's unprecedented credit surge in the form of capital controls, slowdown in growth, and a sharply depreciating currency with consequences for the global economy (Economic Survey, 2016-17, Chapter 1); and trade tensions that could lead to skirmishes, and then spiral out of control. But perhaps the main risks lie on the macro-finance front in advanced economies. These stem from three, inter-related, sources:

- Asset valuations (price-equity ratios) tend to revert to their mean. And the faster and higher they climb, especially so late in the economic cycle, the greater the risk of sharp corrections.
- Simultaneously high valuations of both bonds and equities tend to be briefly lived because they suffer from an acute tension: if future earnings and economic growth are so bright, justifying high equity prices, interest rates cannot be forever so low.
- And if interest rates rise—or if markets even sense that central banks will need to shift their stance—both bond and equity prices could correct sharply. A plausible scenario would be the following. The IMF is now forecasting that advanced country output gaps will close in 2018 for the first time since the Global Financial Crisis. As this occurs, wages would start rising, eating into profits (which would prick equity valuations); and as inflation rises in tandem, policy makers would be forced into raising rates, deflating bond valuations and further undermining share prices.

What would happen to growth if asset prices correct? Surely, the impact would be far smaller than it was in 2007-09, because advanced countries are far less vulnerable than they were a decade ago. In particular, the leverage tied to these assets is much lower, which would minimize contagious propagation; while banks are much better buffered, with higher levels of capital and core deposits, and lower levels of risky assets.

Even so, there would be some consequences. For one, a large decline in wealth would force advanced country consumers to cut back on their spending, which in turn would lead firms to curtail their investments. And if this happens, monetary and fiscal policies would have much less room for expansionary manoeuvre since interest rates are already low while government debts are high. And the political implications of yet another decline in asset prices, the second in a decade, could also be significant, with effects that are difficult to imagine.

In sum, assessing future risks hinges on two calls: interest rate policy and asset valuations. On policy, extraordinarily low rates have, to paraphrase Paul Krugman, become “an obsession in search of a justification.” Initially justified by the dislocations caused by the Global Financial Crisis, then by large output gaps, they are now defended on the grounds that inflation remains weak, even as the slack in product and labour markets is disappearing rapidly. Will the gathering new evidence on closing output gaps and rising employment dispel that obsession?

On valuations, the prognosticator must navigate a narrow strait: steering clear of the “Cry of Wolf” trap (bond prices will finally, finally correct, having defied the prediction of correction in each of the last several years), without succumbing to the siren call of “This Time is Different” (stock valuations are sustainable this time because interest rates will remain at historic lows).

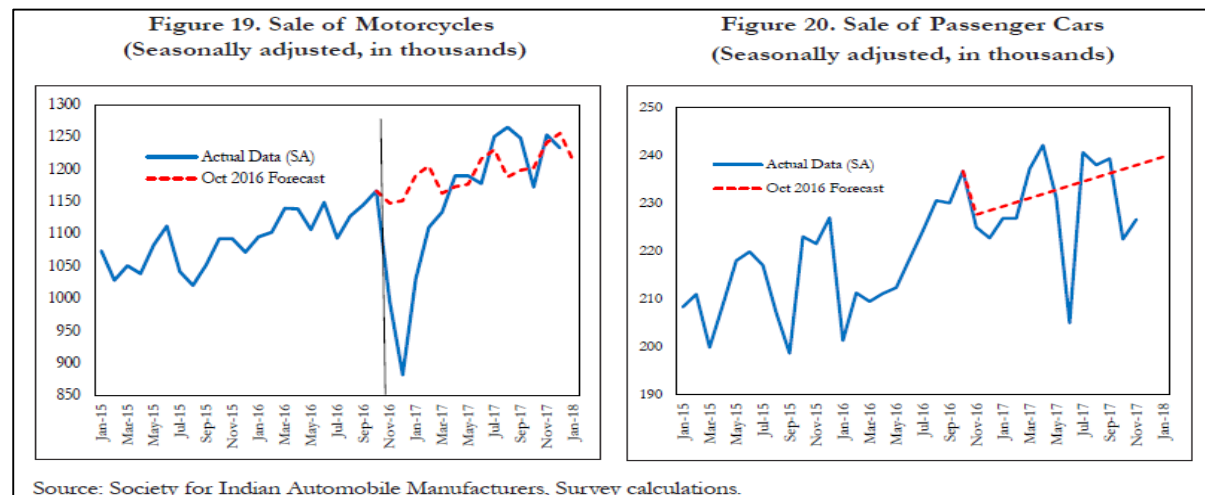
(Source: Economic Survey 2017-18 Volume I [www.indiabudget.nic.in](http://www.indiabudget.nic.in) )

## **OVERVIEW OF THE INDIAN'S ECONOMIC PERFORMANCE IN 2017-18**

### **Economic activity**

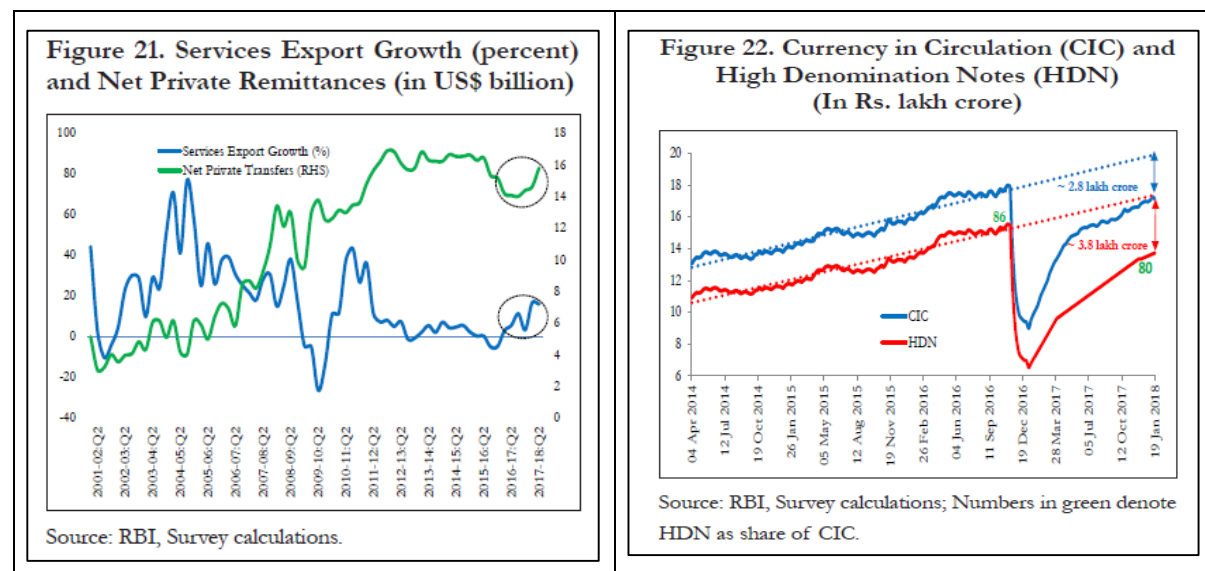
The key question going forward is whether the economy has troughed, and if so at what pace it will recover toward its medium term trend. High frequency indicators do suggest that a robust recovery is taking hold as reflected in a variety of indicators, including overall GVA, manufacturing GVA, the IIP, gross capital formation (Figure 17) and exports.

Similarly, real non-food credit growth has rebounded to 4 percent in November 2017 on a year-on-year basis, while the squeeze on real credit to industry is abating (Figure 18). Moreover, the flow of nonbank resources to the corporate sector, such as bond market borrowing and lending by NBFCs, has increased by 43 percent (April-December 2017 compared to the same period a year ago), substituting in part for weak bank credit. Rural demand, proxied by motor cycle sales, and auto sales, while not yet back to its pre-demonetization trend, are recovering (Figures 19 and 20).



Perhaps most significantly, the behaviour of manufacturing exports and imports in the second and third quarters of this fiscal year has started to reverse. The re-acceleration of export growth to 13.6 percent in the third quarter of FY2018 and deceleration of import growth to 13.1 percent, in line with global trends, suggest that the demonetization and GST effects are receding. Services export and private remittances are also rebounding (Figure 21).

On demonetization specifically, the cash-to-GDP ratio has stabilized, suggesting a return to equilibrium. The evidence is that since about June 2017 the trend in currency is identical to that pre-demonetization (Figure 22). The stabilization also permits estimation of the impact of demonetization: about ₹ 2.8 lakh Crores less cash (1.8 percent of GDP) and about ₹ 3.8 lakh Crores less high denomination notes (2.5 percent of GDP).



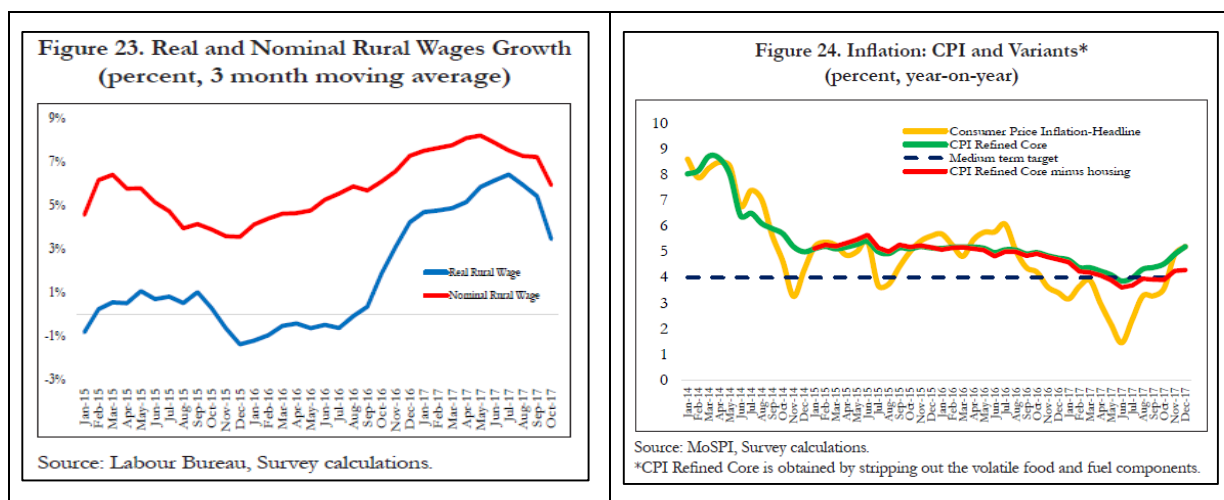
A final, important factor explaining the growth recovery is fiscal, which is providing a boost to aggregate demand. For reasons related to smoothening the transition, GST revenues will only be collected for 11 months, which is akin to a tax cut for consumers. Meanwhile, overall revenue expenditure growth by the central and state governments remains strong at 11.7 percent (April to November). Cyclical conditions may also lead to lower tax and non-tax revenues, which act as an automatic stabilizer.



All this said, while the direction of the indicators is positive, their level remains below potential. IIP growth (April-November 2017 over same period in the previous year) is 3.2 percent, real credit growth to industry is still in negative territory, and the growth in world trade remains less than half its level of a decade ago. Moreover, even though the cost of equity has fallen to low levels, corporates have not raised commensurate amounts of capital, suggesting that their investment plans remain modest (Box 6). In other words, the twin engines that propelled the economy's take-off in the mid-2000s – exports and investment – are continuing to run below take-off speed.

Meanwhile, developments in the agriculture sector bear monitoring. The trend acceleration in rural wages (agriculture and non-agriculture), which had occurred through much of 2016 because of increased activity on the back of a strong monsoon, seems to have decelerated beginning just before the kharif season of 2017-18 (Figure 23) but it is still greater than much of the last three years. Three crop-specific developments are evident. Sowing has been lower in both kharif and Rabi, reducing the demand for labour. The acreage for kharif and Rabi for 2017-18 is estimated to have declined by 6.1 percent and 0.5 percent, respectively. Pulses and oilseeds have seen an increase in sowing, but this has translated into unusually low farm gate prices (below their minimum support price, MSP), again affecting farm revenues. The so-called TOP perishables (tomatoes, onions, and potatoes) have meanwhile fluctuated between high and low prices, engendering income uncertainty for farmers.

The CSO has forecast real GDP growth for 2017-18 at 6.5 percent. However, this estimate has not fully factored in the latest developments in the third quarter, especially the greater-than-CSO-forecast exports and government contributions to demand. Accordingly, real GDP growth for 2017-18 as a whole is expected to be close to 6 3/4 percent. Given real GDP growth of 6 percent in the first half, this implies that growth in the second half would rebound to 7.5 percent, aided by favorable base effects, especially in the fourth quarter.



Average CPI inflation for the first nine months has averaged 3.2 percent and is projected to reach 3.7 percent for the year as a whole. This implies average CPI inflation in the last quarter of 5 percent, in line with the RBI's forecast. Therefore, the GDP deflator is expected to grow by 3.6 percent for 2017-18, somewhat higher than the CSO's forecast of 2.8 percent. Consequentially, nominal GDP growth is estimated at 10.5 percent, compared with the CSO's 9.5 percent estimate.

### Macroeconomic indicators

After 13 months of continuously under-shooting the inflation target by an average of 130 basis points, headline inflation for the first time crossed the RBI's 4 percent target in November, posting a rate of 5.2 percent in December 2017 (Figure 24). The recent upswing in inflation stems from rising global oil prices (not all of which has been passed on to consumers), unseasonal increases in the prices of fruits and vegetables, and the 7th Pay Commission housing rent allowances, which mechanically increase inflation. Stripped of all these factors, underlying inflation has been increasing at a more modest pace, reaching 4.3 percent at end-December—in part because firms are passing the incidence of GST on to final consumers only gradually.

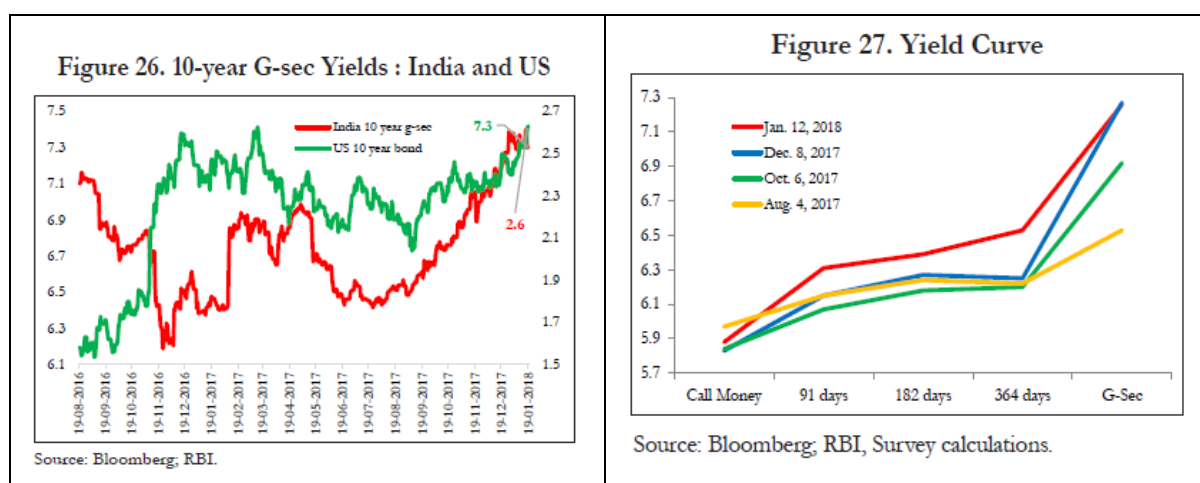
The current account deficit has also widened in 2017-18 and is expected to average about 1.5-2 percent of GDP for the year as a whole. The current account deficit can be split into a manufacturing trade deficit, an oil and gold deficit, a services deficit, and a remittances deficit (Figure 25). In the first half of 2017-18, the oil and gold balance has improved (smaller deficit of \$47 billion) but this has been offset by a higher trade deficit (\$18 billion) and a reduced services surplus (\$37 billion), the latter two reflecting a deterioration in the economy's competitiveness.

Despite these developments, the overall external position remains solid. The current account deficit is well below the 3 percent of GDP threshold beyond which vulnerability emerges. Meanwhile, foreign exchange reserves have reached a record level of about \$432 billion (spot and forward) at end-December 2017, well above prudent norms.

### Fiscal developments

Bond yields have increased sharply (Figure 26) since August 2017, reflecting a variety of factors, including concerns that the fiscal deficit might be greater-than-budgeted, expectations of higher inflation, a rebound in activity that would narrow the output gap, and expectations of rate increases in the US. As a result, the yield curve has become unusually steep (Figure 27).

The fiscal deficit for the first eight months of 2017-18 reached 112 percent of the total for the year, far above the 89 percent norm (average of last 5 years), largely because of a shortfall in non-tax revenue, reflecting reduced dividends from government agencies and enterprises. Expenditure also progressed at a fast pace, reflecting the advancing of the budget cycle by a month which gave considerable leeway to the spending agencies to plan in advance and start implementation early in the financial year. Partially offsetting these trends will be disinvestment receipts which are likely to exceed budget targets.



GST revenue collections are surprisingly robust given that these are early days of such a disruptive change (See Box 7). Government measures to curb black money and encourage tax formalization, including demonetization and the GST, have increased personal income tax collections substantially (excluding the securities transactions tax). From about 2 percent of GDP between 2013-14 and 2015-16, they are likely to rise to 2.3 percent of GDP in 2017-18, a historic high. Precise estimates of the government's contribution to this improvement vary depending on the methodology used. An econometric exercise yields an estimate of ₹ 40,000 Crores over the two fiscal years of 2016-17 and 2017-18.<sup>3</sup> Another based on comparing the difference in actual tax buoyancy in 2016-17 and 2017-18 over the previous seven-years' average buoyancy, yields an estimate of about ₹ 65,000 Crores (both exclude the 25,000 Crores collected under the Income Disclosure Scheme and Pradhan Mantri Garib Kalyan Yojana). Thus, the sum of all government efforts increased income tax collections, thus far, between ₹ 65,000 and ₹ 90,000 Crores. These numbers imply a substantial increase in reported incomes (and hence in formalization) of about 1.5 percent to 2.3 percent of GDP.

As a result of the budget overruns, the central government's fiscal deficit until November 2017 was ₹ 6.1 lakh crore compared to the budgeted ₹ 5.5 lakh crore. In contrast, state governments seem to be hewing closely to

their targeted fiscal consolidation – in part because the centre has guaranteed them a large increase in their indirect tax take, as part of the GST agreement.

Reflecting largely fiscal developments at the centre, a pause in general government fiscal consolidation relative to 2016-17 cannot be ruled out. In addition, the measured deficit for 2017-18 will include ₹ 80,000 crore (0.5 percent of GDP) in capital provided to public sector banks. But this will not affect aggregate demand, as reflected in international accounting practice which deems such operations as financing (“below-the-line”) rather than expenditure.

In the case of borrowing by the states, markets have perhaps inadequately taken into account the fact that higher market borrowings by them does not reflect higher deficits; rather about ₹ 50,000 crore or 0.3 percent of GDP of market borrowings is due to changes in the composition of financing, away from higher cost NSSF borrowings toward lower cost market borrowings. This lack of strict correspondence between the deficit and borrowings at the central and state levels (Figure 28) is discussed in greater detail in Box 8. For general government, about ₹ 40,000 Crores represents greater market borrowings that is not due to deficits—a fact which markets apparently have not internalized.

Factor contributing to the rise in bond yields has been stepped-up Open Market Operations (OMO) by the RBI. This amounted to a net sale of about ₹ 90,000 Crores during April-December 2017-18 (compared to a net redemption of ₹ 1.1 lakh Crores during the same period in 2016-17) to sterilize the impact of foreign flows, themselves induced by high interest rates.

(Source: *Economic Survey 2017-18 Volume 1* [www.indiabudget.nic.in](http://www.indiabudget.nic.in))

## **OUTLOOK FOR 2018-19**

The outlook for 2018-19 will be determined by economic policy in the run-up to the next national election. If macro-economic stability is kept under control, the ongoing reforms are stabilized, and the world economy remains buoyant as today, growth could start recovering towards its medium term economic potential of at least 8 percent.

Consider the components of demand that will influence the growth outlook. The acceleration of global growth should in principle provide a solid boost to export demand. Certainly, it has done so in the past, particularly in the mid-2000s when the booming global economy allowed India to increase its exports by more than 26 percent per annum. This time, the export response to world growth has been in line with the long-term average, but below the response in the mid-2000s. Perhaps it is only a matter of time until exports start to grow at a healthy rate. Remittances are already perking up, and may revive further due to higher oil prices.

Private investment seems poised to rebound, as many of the factors exerting a drag on growth over the past year finally ease off. Translating this potential into an actual investment rebound will depend on the resolution and recapitalization process. If this process moves ahead expeditiously, stressed firms will be put in the hands of stronger ownership, allowing them to resume spending. But if resolution is delayed, so too will the return of the private capex cycle. And if this occurs public investment will not be able to step into the breach, since it will be constrained by the need to maintain a modicum of fiscal consolidation to head off market anxieties.

Consumption demand, meanwhile, will encounter different tugs. On the positive side, it will be helped by the likely reduction in real interest rates in 2018-19 compared to the 2017-18 average. At the same time, average oil prices are forecast by the IMF to be about 12 percent higher in 2018-19, which will crimp real incomes and spending—assuming the increase is passed on into higher prices, rather than absorbed by the budget through excise tax reductions or by the oil marketing companies. And if higher oil prices requires tighter monetary policy to meet the inflation target, real interest rates could exert a drag on consumption.

Putting all these factors together, a pick-up in growth to between 7 and 7.5 percent in 2018-19 can be forecasted, re-instating India as the world’s fastest growing major economy. This forecast is subject to upside potential and downside risks. The biggest source of upside potential will be exports. If the relationship between India’s exports and world growth returns to that in the boom phase, and if world growth in 2018 is as projected by the IMF, then that could add another ½ percentage point to growth.

Another key determinant of growth will be the implementation of the IBC process. Here timeliness in resolution and acceptance of the IBC solutions must be a priority to kick-start private investment. The greater the delays

in the early cases, the greater the risk that uncertainty will soon shroud the entire IBC process. It is also possible that expeditious resolution may require the government to provide more resources to PSBs, especially if the haircuts required are greater than previously expected, the ongoing process of asset quality recognition uncovers more stressed assets, and if new accounting standards are implemented.

Persistently high oil prices (at current levels) remain a key risk. They would affect inflation, the current account, the fiscal position and growth, and force macroeconomic policies to be tighter than otherwise. One eventuality to guard against is a classic emerging market “sudden stall” induced by sharp corrections to elevated stock prices. (Box 9 suggests that India’s stock price surge is different from that in other countries but does not warrant sanguine-ness about its sustainability.) Savers, already smarting from reduced opportunities in the wake of demonetization, from depressed gold prices, and from lower nominal interest rates, would feel aggrieved, leading to calls for action. Stock price corrections could also trigger capital outflows, especially if monetary policy unwinds less hesitantly in advanced countries and if oil prices remain high. Policy might then have to respond with higher interest rates, which could choke off the nascent recovery. The classic emerging market dilemma of reconciling the trade-off between macro-stability and growth could then play itself out.

A key policy question will be the fiscal path for the coming year. Given the imperative of establishing credibility after this year, given the improved outlook for growth (and hence narrowing of the output gap), and given the resurgence of price pressures, fiscal policy should ideally have targeted a reasonable fiscal consolidation. However, setting overly ambitious targets for consolidation—especially in a pre-election year—based on optimistic forecasts that carry a high risk of not being realized will not garner credibility either. Pragmatically steering between these extremes would suggest the following: a modest consolidation that credibly signals a return to the path of gradual but steady fiscal deficit reductions.

Against this overall economic and political background, economic management will be challenging in the coming year. If the obvious pitfalls (such as fiscal expansion) are avoided and the looming risks are averted that would be no mean achievement.

(Source: Economic Survey 2017-18 Volume 1 [www.indiabudget.nic.in](http://www.indiabudget.nic.in))

## **THE GLOBAL PHARMACEUTICAL MARKET**

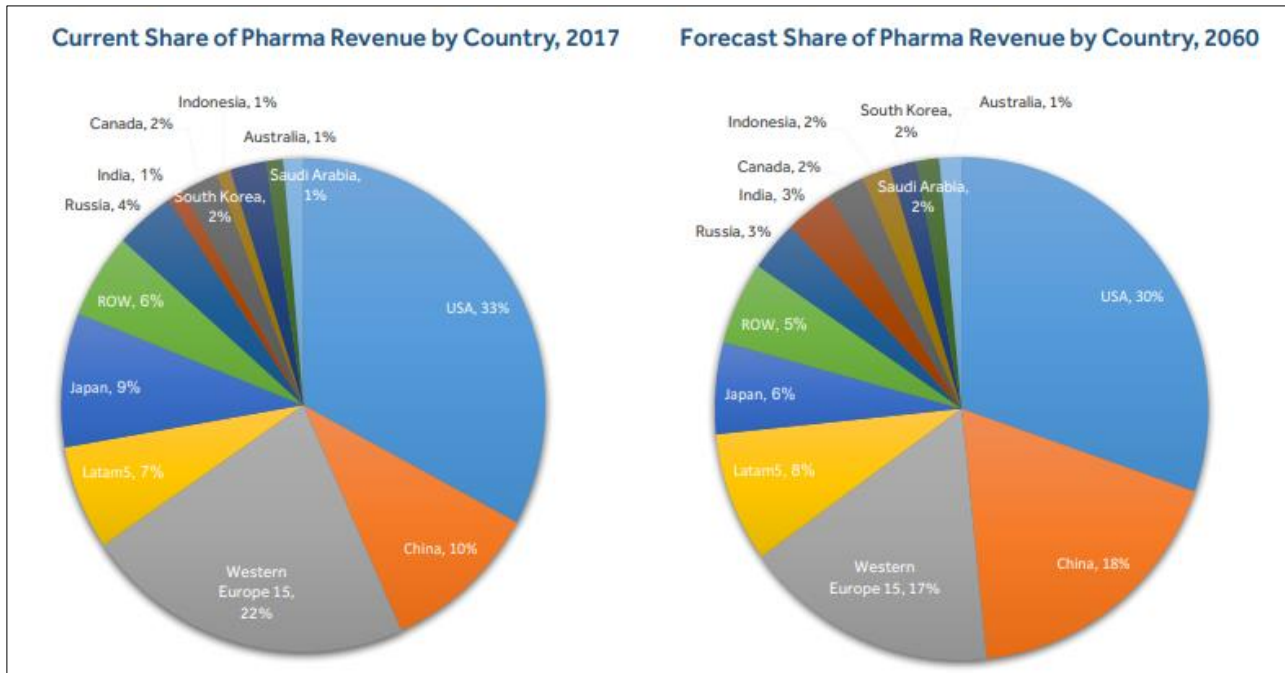
Global sales of prescription drugs are expected to grow at a compound annual growth rate (CAGR) of 6.4 per cent until 2024 to reach USD1.2 trillion. Growth could be driven by the continued uptake and anticipated launch of novel therapies addressing key unmet needs, as well as increasing access to medicines globally.

U.S., China, and Japan are the worlds’ largest pharmaceutical markets followed by the four biggest European markets: Germany, France, Spain, and Italy.

Drug affordability and access continue to apply downward pressure on the market with payers, including those in the U.S., re-evaluating use of prescription drugs that do not provide sufficient real world value.

In 2017, the number of drugs approved by the United States Food and Drug Administration (US FDA) was more than double compared to the previous year. However, this number for 2017 was in line with the drugs approved in 2014 and 2015.

The year 2017 also saw the approval of innovative gene and cell therapies which are likely to pave the way for more advanced therapy approvals in the years to come.



(Source: *Oppl Annual Report 2017-18; organisation of pharmaceutical producers of India; [www.indiaoppi.com](http://www.indiaoppi.com)*)

#### GLOBAL TOP 20 COUNTRIES RANKING

2012				2017				2022			
RANK		COUNTRY	INDEX	RANK		COUNTRY	INDEX	RANK		COUNTRY	INDEX
1		U.S.	100	1		U.S.	100	1		U.S.	100
2	▲3	China	24	2		China	26	2		China	28
3	▼1	Japan	24	3		Japan	18	3		Japan	13
4		Germany	11	4		Germany	10	4		Germany	9
5	▼2	France	10	5		France	7	5	▲1	Brazil	8
6		Italy	7	6	▲1	Brazil	7	6	▼1	France	6
7	▲3	Brazil	6	7	▼1	Italy	6	7		Italy	6
8		U.K.	6	8		U.K.	6	8		U.K.	5
9	▼2	Spain	5	9		Spain	5	9	▲2	India	5
10	▼1	Canada	5	10		Canada	4	10	▼1	Spain	4
11	▲3	India	4	11		India	4	11	▼1	Canada	4
12	▼1	South Korea	3	12	▲2	Russia	3	12		Russia	4
13	▼1	Australia	3	13	▼1	South Korea	3	13		South Korea	3
14	▲6	Russia	3	14	▼1	Australia	3	14		Australia	2
15	▼2	Mexico	2	15		Mexico	2	15	▲1	Turkey	2
16	▲10	Argentina	2	16	▲7	Turkey	2	16	▼1	Mexico	2
17	▲7	Saudi Arabia	2	17	▲1	Poland	2	17	▲2	Argentina	2
18	▲1	Poland	2	18	▼1	Saudi Arabia	1	18	▼1	Poland	1
19	▼2	Switzerland	2	19	▼3	Argentina	1	19	▼1	Saudi Arabia	1
20	▼2	Belgium	2	20	▼1	Switzerland	1	20		Switzerland	1

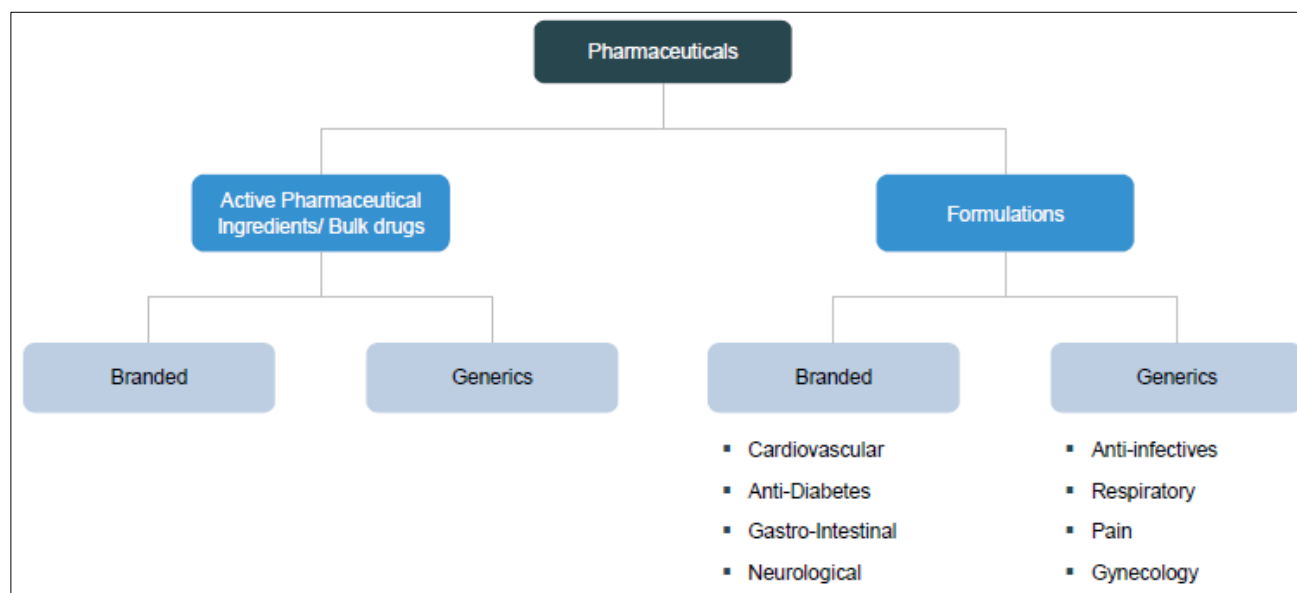
Source: IQVIA Market Prognosis, Sep 2017; IQVIA Institute, Oct 2017

▲ Change in Ranking over Prior Five Years



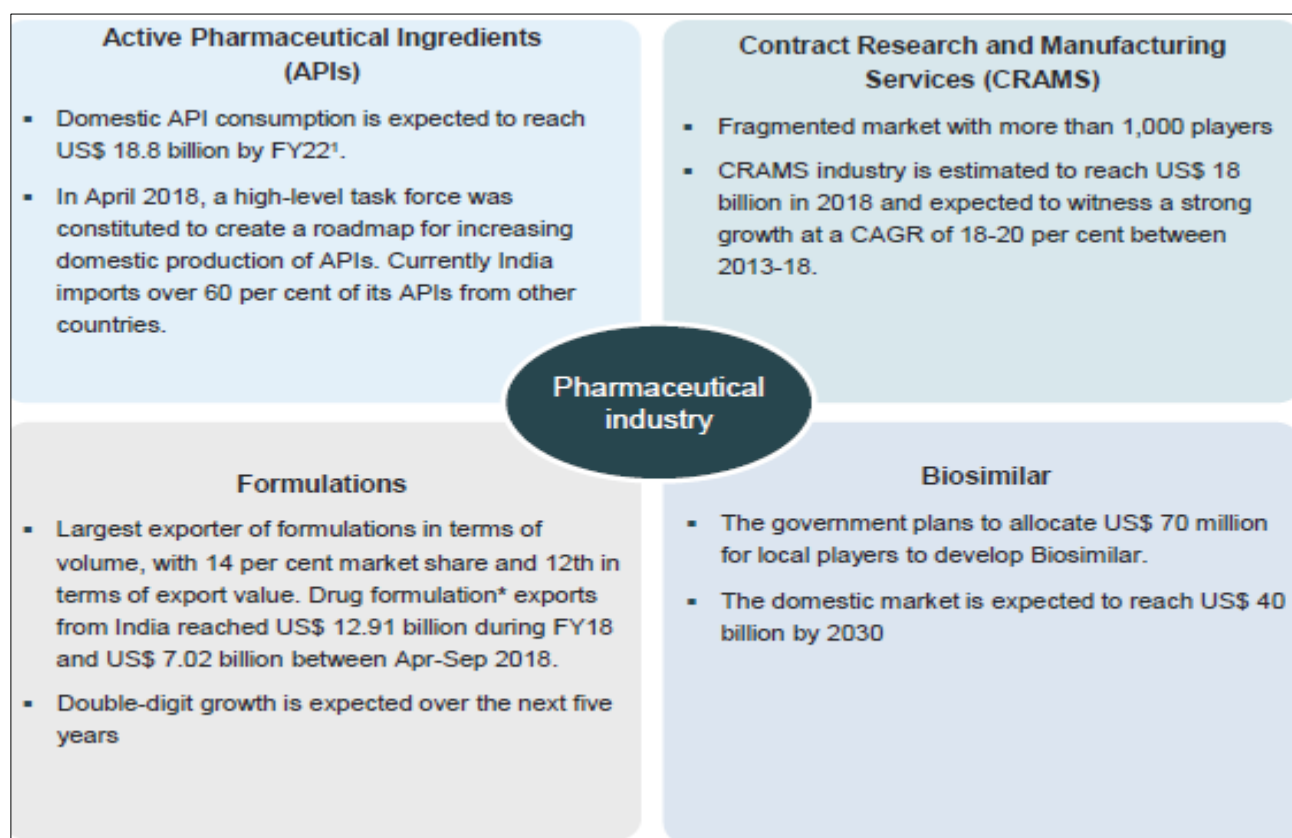
(Source: 2018 and Beyond Outlook and Turning Points; IQVIA; [www.iqvia.com](http://www.iqvia.com) )

## STRUCTURE OF PHARMA SECTOR IN INDIA



(Source: Introduction to Indian Pharmaceuticals Industry, Indian Brand Equity Foundation: [www.ibef.org](http://www.ibef.org))

## IMPORTANT SEGMENTS IN INDIAN PHARMACEUTICAL SECTOR



(Source: Introduction to Indian Pharmaceuticals Industry, Indian Brand Equity Foundation: [www.ibef.org](http://www.ibef.org))

Despite an 8 per cent decline (in value terms) to the U.S., pharmaceutical export from India grew by 2.91 per cent, year-on-year (YoY) to reach USD17.27 billion in 2017–18. This low growth is a consequence of increasing

product price erosion largely due to the consolidation of distribution channels and increasing competition in the U.S.

Indian companies received a record number of 304 ANDA approvals from the USFDA in 2017 as compared to 201 ANDA approvals in 2016. With enhanced research and development (R&D) investments in the last few years, Indian companies secured around 36 per cent of total approvals by the US FDA.

(Source: 14<sup>th</sup> Annual Report 2017-18; Pharmexil Ministry of Commerce & Industry Government of India, [www.pharmexcil.com](http://www.pharmexcil.com); Oppi Annual Report 2017-18; organisation of pharmaceutical producers of India; [www.indiaoppi.com](http://www.indiaoppi.com))

## ACTIVE PHARMACEUTICAL INGREDIENTS

Active Pharmaceutical Ingredient (API) is the part of any drug product. Pharmaceutical drugs might be available in type of capsules or tablets yet their genuine components are a long way from homogenous. Active Pharmaceutical Ingredient (API) is known as that part of the chemical included in the drugs which treats the cause and that actually works on the condition. Contents in drugs is not static it may contain one or more API and according to the dosage or prescription it will differ from person to person. Pharmaceutical technologists are prevalently possessed with the creation of different dose structures, for example, tablets, pastilles or dragees. The enhancing access to healthcare with the fast penetration of technology and different advancements in the healthcare segment.

The Global Active Pharmaceutical Ingredient (API) Market is expected to exceed more than US\$ 219.60 Billion by 2023 at a CAGR of 6.3% in the given forecast period.

The major driving factors of Global Active Pharmaceutical Ingredient (API) Market are as follows:

- Growing in healthcare expenditure
- Advancements in the technology of API manufacturing
- Rapidly increase aging population
- Increasing Importance of Generics
- Increase in abbreviated new drug applications (ANDA)
- Growth in Incidence of Chronic Diseases

The restraining factors of Global Active Pharmaceutical Ingredient (API) Market are as follows:

- Drug price control policies across different economies are unfavourable
- Strict regulatory requirements
- High production cost

The Global Active Pharmaceutical Ingredient (API) Market is segmented on the lines of its manufacturing process, API type, therapeutic area, drug type and regional. Based on manufacturing process segmentation it covers captive, contract. Based on API type segmentation it covers synthetic chemical API, biological API. Based on therapeutic area segmentation it covers cardiovascular disorders, metabolic disorders, neurological disorders, oncology, musculoskeletal disorders, NSAIDs, other therapeutics uses. Based on drug type segmentation it covers branded prescription drugs, generic prescription drugs, OTC prescription drugs. The Global Active Pharmaceutical Ingredient (API) Market on geographic segmentation covers various regions such as North America, Europe, Asia Pacific, Latin America, Middle East and Africa. Each geographic market is further segmented to provide market revenue for select countries such as the U.S., Canada, U.K. Germany, China, Japan, India, Brazil, and GCC countries.

(Source: Manufacturing Of Bulk Drugs; Pharmaceuticals Government of Gujarat; [www.cdn.vibrantgujarat.com](http://www.cdn.vibrantgujarat.com) )



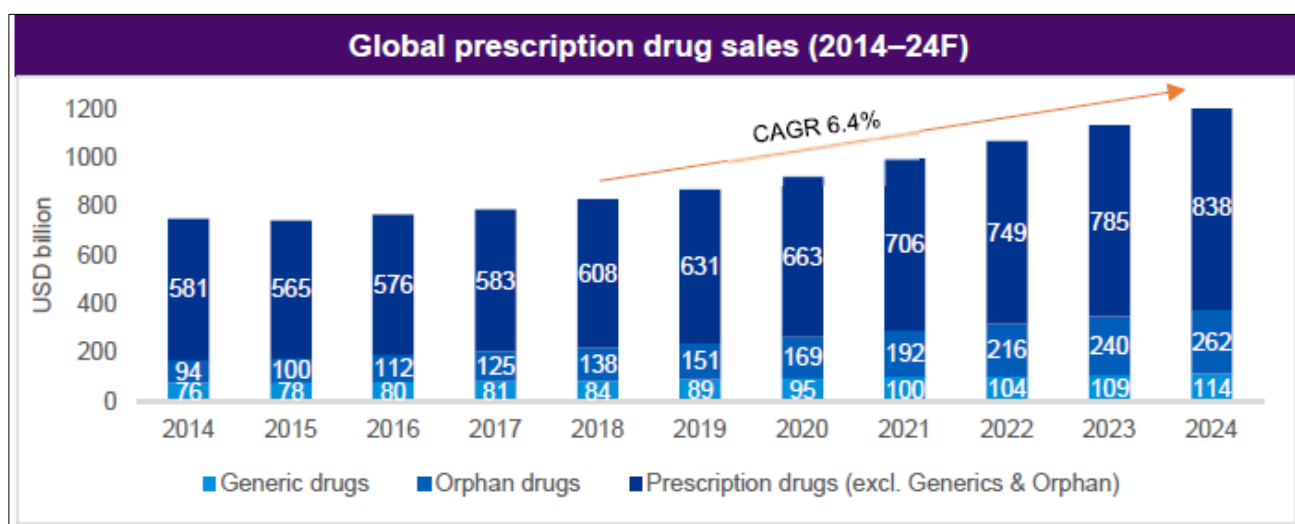
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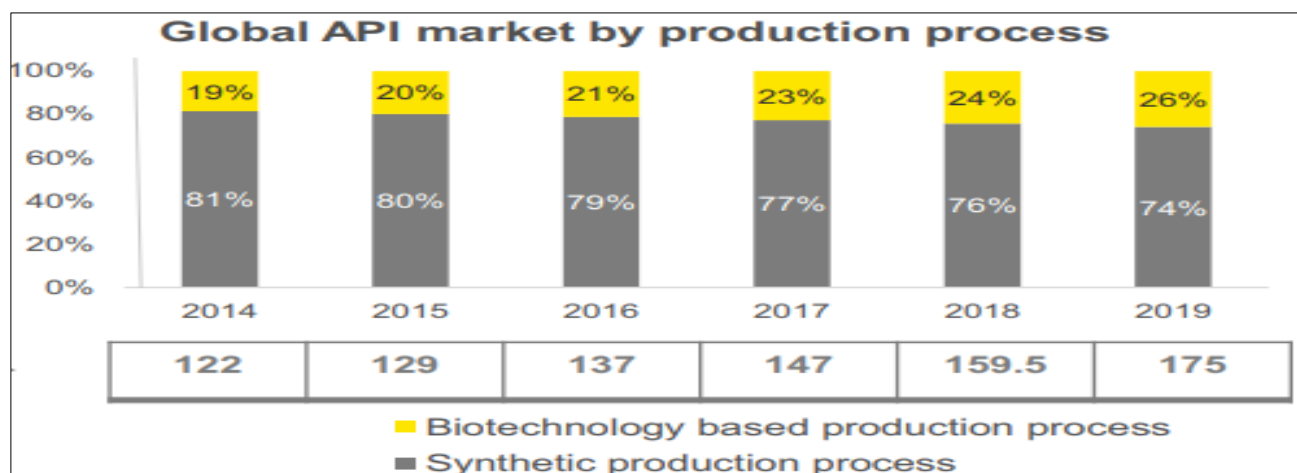
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(Source: *Oppl Annual Report 2017-18; organisation of pharmaceutical producers of India; [www.indiaoppi.com](http://www.indiaoppi.com)*)

Bulk drug / API is the biologically active ingredient in a pharmaceutical drug. It is used in a finished pharmaceutical product (FPP), intended to be used for pharmacological activity. The US (38%), Japan (11%), China (10%), Germany (9%) and France (8%) were the top five markets for bulk drugs globally in 2014. Currently, the global industry is dominated by synthetic chemical APIs. However, biopharmaceutical APIs are gradually gaining importance due to the growth of the biotechnology industry.



(Source: Manufacturing Of Bulk Drugs; Pharmaceuticals Government of Gujarat; [www.cdn.vibrantgujarat.com](http://www.cdn.vibrantgujarat.com) )

### INDIA API INDUSTRY OUTLOOK

The Indian API industry has been supplying good quality API to top pharmaceutical companies, both domestically and globally. In FY 2016, the API market of India held a share of around 8% in the global API market. The ongoing global drug patent cliff is slated to further boost the revenues of API market in India. Moreover, the Indian API industry has gained recognition worldwide due to its high quality of APIs.

The talent pool in India is also huge, who if given proper training, can help in the invention of novel API molecules. The increased initiatives by the government are driving small and medium-sized companies to enter the Indian API market, and capture the small and niche segments. All these factors are bound to propel growth of the Indian API market, and increase its share in the global platform in the coming years.

The Indian API domestic consumption market will grow at a CAGR of around 10% from FY 2016 to FY 2022.

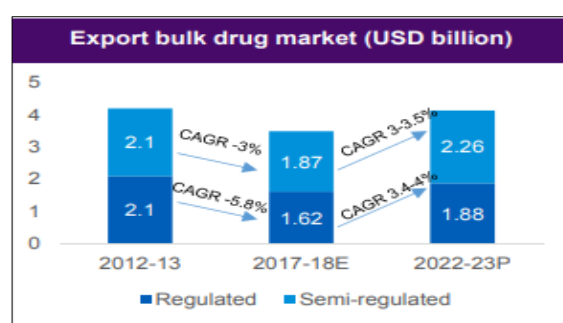
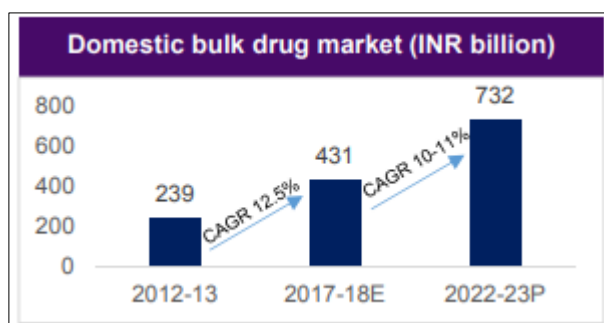
(Source: Indian API Market Outlook 2022; ASSOCHAM India; [www.publication.assocham.tv](http://www.publication.assocham.tv) )

### IMPORT EXPORT OF API

API manufacturers in India are making efforts to strengthen their marketing capacity in the regulated markets by improving production yields, modifying production processes, and increasing sales in the international markets. More than 30% of the APIs manufactured in India are exported to countries such as US, UK, Japan, etc. The total production market of API in India was valued at approximately US\$ 11 Billion in FY 2016. This market is forecasted to grow at a CAGR of around 9% during the period of FY 2016–FY 2022.

Of the total domestic consumption, approximately 32% was imported. Of the total imports, China alone accounts for 57-60% of the APIs imported by India<sup>1</sup>. The remaining imports are from countries such as Italy, Germany, Malaysia, and others. These facts indicate that there is plentiful scope for the domestic API market to grow, if the manufacturers are able to produce the required amount of APIs on their own, rather than importing it from other countries.

India is also one of the major exporters of bulk drugs, supplying high-quality bulk drugs to both regulated and semi-regulated markets.



### India's Exports of Pharmaceuticals:

India's Exports of Pharmaceuticals in 2017-18 has been to a tune of \$ 17.27 billion and has the following composition. Drug formulations & Biologicals is the third largest among the principal commodities exported by India during 2017-18.

India's Exports During April - March \$ million				
Category	Fy-17 \$ mn	Fy-18 \$ mn	Growth%	Contbn%
Ayush	124	144	16.73	0.84
Bulk Drugs And Drug Intermediates	3,384	3,540	4.61	20.49
Drug Formulations and Biologicals	12,666	12,909	1.91	74.72
Herbal Products	278	312	12.04	1.80
Surgicals	333	372	11.53	2.15
<b>Grand Total</b>	<b>16,785</b>	<b>17,276</b>	<b>2.92</b>	<b>100.00</b>

### TOP EXPORT OF INORGANIC CHEMICALS

						USD in Million
HSCode	Product	2015-2016	2016-17	% over 2015-16	2017-2018	% over 2016-17
28030010	CARBON BLACK	82.46	128.12	55.37	109.82	-14.28
28151110	FLAKES OF SODIUM HYDROXIDE (CAUSTIC SODA)	30.65	35.3	15.17	96.74	174.05
28274900	OTHER CHLORIDE OXIDES AND CHLORIDE HYDROXIDES	22.15	21.8	-1.58	36.48	0.00
28332990	OTHER SULPHATE N.E.S.	15.37	18.55	20.69	35.93	93.69
28273200	CHLORIDES OF ALUMINIUM	25.58	28.67	12.08	30.47	6.28
28183000	ALUMINIUM HYDROXIDE	28.41	31.47	10.77	29.86	-5.12
28332400	NICKEL SULPHATE	9.79	15.87	62.10	29.42	85.38
28020010	SUBLIMED SULPHUR	16.87	27.69	64.14	29.15	5.27
28332940	MANGANESE SULPHATE	18.11	15.15	-16.34	25.91	71.02
28299030	IODATES AND PERIODATES	19.65	19.2	-2.29	25.19	31.20
28311020	SODIUM SULPHOXYLATE (INCLUDING SODIUM FORMALDEHYDE SULPHOXYLATE)	12.1	15.82	30.74	19.46	23.01
28273990	OTHER CHLORIDES	16.54	17.53	5.99	18.72	6.79
28362020	DISODIUM CARBONATE LIGHT (SODA ASH)	4.92	12.11	146.14	18.55	53.18
28311010	SODIUM DITHIONITES (SODIUM HYDROSULPHITE)	8.33	10.35	24.25	15.97	54.30
28070010	SULPHURIC ACID	5.26	5.72	8.75	15.61	172.90

(Source: Indian API Market Outlook 2022; ASSOCHAM India; [www.publication.assocham.tv](http://www.publication.assocham.tv); Basic Chemicals, Cosmetics & Dyes Export Promotion Council; Chemexil; [www.chemexcil.in](http://www.chemexcil.in))

## OPPORTUNITIES FOR API INDUSTRY

### Developing Next Generation APIs

Presently, Indian API industry has a major presence in the generic drug APIs market. If the government increases the budget for R&D, the pharma experts will be able to work better with increased resources towards the development of novel APIs such as ionic liquids. These ionic liquids with biological activity are being designed in such a way that they can be used as APIs. This has been done with a particular focus on efforts to overcome current hurdles encountered by APIs. These novel APIs can then be patented and revenue be earned from them. Thus, ample opportunities would open for the expansion of the Indian API market.

### Capitalizing on Captive API Market

The major requirements of APIs in India are met by imports from other countries such as China, Italy, Germany, France, Malaysia, etc. This situation can be converted into an area of opportunity if the government provides adequate infrastructure facilities, subsidies and loans at low interest rates because then the captive market of APIs can be better developed to meet the requirements of the domestic manufacturers.

### Revival of Generic Drug API Market

Presently, the generic drugs market is dominated by branded generic drugs. This is causing a hindrance to the sales of unbranded generic drugs by small or medium scale manufacturers in India. This in turn affects the generic drug API market. However, the revival of Jan Aushadhi Scheme and Free Essential Drug scheme by the state & central governments would prove to be an opportunity for the domestic generic API manufactures to conquer the generic drug API market.

### Focus on Emerging Therapeutic Segments

The rising geriatric population in the country and increased awareness among people about healthcare is causing an increase in the demand for new medical products. Areas such as oncology, diabetes, respiratory disorders, cardiovascular diseases, etc. can be the potential focus segments. Research experts should focus on the development of novel APIs for these emerging therapeutic segments, which offer opportunities for growth to this industry.

### **New Export Markets**

Several compliance issues and stringent quality control regulations in the US/EU markets are acting as restraints for API exports by India. The country derives a major chunk of its export revenues from these developed markets. Markets such as GCC, Japan and CIS still remain untapped. For example, India's presence in the world's second largest pharma market, Japan, is merely 1%. However, the ability of Lupin to successfully establish its footprint in Japan is a proven example for exploring other regions. In addition, Indian API manufacturers can look to establish their foothold in regulated markets such as South East Asia and Africa.

(Source: *Indian API Market Outlook 2022*; ASSOCHAM India; [www.publication.assocham.tv](http://www.publication.assocham.tv) )

### **API INDUSTRY' S RECENT DEVELOPMENTS BY GOVERNMENT**

Supplies of APIs from China are subject to interruption for any number of reasons. The shutdown of Chinese raw material and API production leading up to and during the 2008 Summer Olympics is used to illustrate the type of problems that may arise. If Indian manufacturers are entirely reliant on Chinese supplies, this interruption might have serious negative consequences for the Indian industry.

India has a large population and must be prepared to deal with public health emergencies that might, for example, require the availability of large quantities of antibiotics in a short timeframe. A foreign supplier or suppliers of APIs may not be as responsive to immediate public health demands as local producers. More generally, India has a large population and consequently a large volume demand for essential medicines. The inability to procure certain medicines could lead to a national health crisis.

India has national security concerns arising from reliance on a single foreign supplier of APIs which may not always have India's best interests in mind. There is some history of tense relations between India and China, and a major Indian industry that is substantially dependent on supplies from China could provide economic leverage in favour of China.

While API production tends to be a relatively low margin business, it is nevertheless a source of export revenue, and sales from China cut into India's export revenues.

It is important for India to maintain the scientific and technological base necessary to excel in the pharmaceutical sector. Without a significant API production capacity, there is a lack of employment opportunities for individuals interested in the basic chemistry of pharmaceuticals, and this could lead to a corresponding lack of interest in the underlying science. This might have negative repercussions for India's technical leadership in pharmaceutical production over the longer term.

APIs are often produced in significant quantities so that gross revenues from their sale may be substantial. Government price controls restrict the profitability of APIs.

(Source: *Indian policies to promote local production of pharmaceutical products and protect public health*; World Health Organisation; [www.who.int](http://www.who.int) )

### **KEY GROWTH DRIVERS OF BULK DRUG SECTOR:**

**Cost-effective manufacturing:** Indian bulk drugs manufacturers have a distinct advantage in terms of their low manufacturing costs and advanced chemistry skills. Low direct input costs (labour and raw material) gives

Indian bulk drug companies an added advantage over their peers operating in regulated markets such as the US. Cost of production in India is 65% lower than in the US and 50% of that in Europe.

**Large number of USFDA-approved manufacturing plants:** India only lags behind the US in terms of the number of USFDA-approved manufacturing plants in the country. Its high-class manufacturing capabilities enable it to provide high-quality products to international markets.

**Product differentiation:** Indian bulk drugs manufacturers are facing intense competition from other emerging markets. As a result, several Indian manufacturers are shifting focus on both low-cost production and product differentiation. Several manufacturers offer value-added services, such as the production and procurement of intermediates.

**Increasing concentration on particular therapies:** Many Indian bulk drug manufacturers are targeting niche therapy areas with limited competition (such as dermatology and CNS).

**Demand for generics:** demand in India has increased with the Government setting up Jan Aushidhi stores to promote generics and improve access of rural population to healthcare facilities.

**Indian bulk drugs exports:** exports were valued at USD 3.9b in 2013-2014. Exports are driven by free trade agreements with multiple regions like EU, ASEAN, and SAFTA.

**Favourable government policies such as liberalized foreign direct investment (FDI) in the pharma sector:** (100% FDI comprising 74% under automatic route for brownfield projects and 100% for Greenfield projects under the automatic route) would promote API manufacturing in the country. The government has also proposed the GST bill whose implementation will lead to re-distribution of taxes across different business functions, thereby, leading to low taxation cost for drug makers.

(Source: *Manufacturing Of Bulk Drugs; Pharmaceuticals Government of Gujarat;* [www.cdn.vibrantgujarat.com](http://www.cdn.vibrantgujarat.com) )

## KEY CHALLENGES TO API INDUSTRY

**Over dependence on China for Imports:** India depends largely on China for the import of APIs. Active pharmaceutical ingredients for some of the major drugs are imported from this particular country. India imports approximately 57-60% of API from China. India is dependent on China for its APIs because importing raw material from China saves 15-20% of the overall costs for the Indian drug makers.

**Complex License Renewal Procedure:** Another problem faced by the Indian API industry is that the API manufacturers have to approach multiple authorities for application of license renewal. The licenses are given after consent is obtained from multiple regulatory bodies, such as the DCG of India or State FDA. These are given for a period of one, two or three years. After that, the manufacturers of API have to apply for the renewal of their licenses. This increases load on the department, as well as the industry. Therefore, major players prefer to opt out of the API industry.

**Few Manufacturers in the API Industry:** India was once a favoured destination for sourcing low-cost, good quality API for manufacturing pharmaceutical formulations. However, China took over this market by creating huge capacities. Also, the price of APIs from China is 15-20% less than their production cost in India, making it more viable for the Indian companies to import. Consequently, several companies, such as Sun Pharma, Aurobindo Pharma, Lupin, and others, shifted their focus from the manufacturing of APIs to developing formulations. Another reason for the reduced number of API manufacturers is low profit margin in the API business compared to the formulations business. All these factors have therefore led to the decline in number of API manufacturers in India.

**Inadequate Infrastructure Facilities:** Infrastructure is the main area where India lacks in comparison with other countries. The small & medium enterprises engaged in API manufacturing face a lot of problems in terms of infrastructure, as they do not have enough supply of water or electricity; also they do not have warehouses



where they can keep their excess stock or raw materials. In other countries such as China, there are 15 free trade zones, 53 high tech parks, and 56 export processing zones. In India, the recommendations for the development of API parks are still under consideration, and will take time to get implemented. Therefore, infrastructure development for API production is extremely essential for the enterprises to manufacture the items to their maximum capacity.

**Lack of Government Support:** Governments of other countries provide incentives and subsidies to API manufacturers for land, water, electricity, etc. For example, Chinese Government provides 15-17% draw back duty on exports, which covers up the losses of Chinese API manufacturers. It also assures around 13% tax incentives for the export of APIs in more than 54 Economic and Technology Zones. The power tariffs are also very low, and loan rates are 6.31% in China. This significantly reduces the cost of API manufacturing in the country, and increases their popularity worldwide. In India, all these benefits are not provided by the government. The loan rates are almost double of those in China, and there is no provision for incentives. These therefore greatly affect the cost of API production in the country, and prevent new investors from entering the market.

**Stringent Regulatory Policies:** Companies entering the API manufacturing market are expected to keep in mind the good manufacturing practices, and then only they can succeed in the field. With the global regulatory, cGMP and inspection regimens tightening, it has become more difficult for companies to maintain ideal manufacturing conditions and clear all the clinical trials to reach the market. Inspectors from concerned departments determine whether the firms have the necessary facilities, equipment, and skills to manufacture such new drugs for which they have applied for approval. Decisions regarding compliance with CGMP regulations are based upon inspection of the facilities, sample analysis, and compliance history of the firm. The companies get the approval to manufacture APIs only after they clear all the inspections.

(Source: Indian API Market Outlook 2022; ASSOCHAM India; [www.publication.assocham.tv](http://www.publication.assocham.tv) )

## GOVERNMENT INITIATIVES TO THE BULK DRUG SECTOR

Setting up of three large API manufacturing clusters/mega parks across states; to be equipped with facilities such as common effluent treatment plants, testing facilities, assured power supply, IPR management.

Multiple financial incentives (such as 15-year tax holiday for cluster developers/participants), land and other infrastructural facilities at concessional rates, interest subsidies on bank loans (through interest subvention upto 7.5%), and import duty exemption on capital goods in respect of API manufacturing.

Income tax benefits for an initial period of 10 years for each product from date of launch of product.

Single-window environmental clearance to API manufacturers for all drugs once the plant is approved by the environment ministry.

Proposal to set up a venture capital fund with corpus of around INR500 crore to aid pharma SMEs. Liberalized foreign direct investment (FDI) policies in the pharma sector with 100% FDI comprising 74% under automatic route for brownfield projects and 100% for Greenfield projects under the automatic route. Manufacturers are also free to produce majority of drugs duly approved by the Drug Control Authority, without the need of an additional industrial license.

(Source: *Manufacturing Of Bulk Drugs; Pharmaceuticals Government of Gujarat*; [www.cdn.vibrantgujarat.com](http://www.cdn.vibrantgujarat.com) )

## FUTURE OUTLOOK

The pharmaceutical industry is transforming globally across all major parameters such as payment models, operating models, and business models. Regulatory structures are being revamped and evolving demographics are redefining demand. Industry convergence and M&A are altering the value chain and creating new opportunities. As pressure mounts to reduce cost of healthcare, pharmaceutical companies are being challenged to prove their value against higher expectations. With healthcare transforming rapidly, the pharmaceutical



industry is also expected to deliver at both ends of the spectrum: generate scientific breakthroughs to meet evolving patient needs; and create innovative, efficient operating models to ensure that the most effective treatment reaches everyone. The search for value is likely to drive pharmaceutical, medical device and diagnostics companies into new technologies, new business models and valuable partnerships that could lead to the next wave of transformation.

(Source: *Oppl Annual Report 2017-18; organisation of pharmaceutical producers of India;*  
[www.indiaoppi.com](http://www.indiaoppi.com))

## OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled “*Forward Looking Statements*” beginning on page 18 of this Prospectus, for a discussion of the risks and uncertainties related to those statements and also the Section “*Risk Factors*” for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year.

The financial information used in this Section, unless otherwise stated, is derived from our Financial Information, prepared in accordance with Indian GAAP and Companies Act and restated in accordance with the SEBI Regulations. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Prospectus, including the information contained in the Sections titled “*Risk Factors*” and “*Financial Statements*” as restated beginning on pages 26 and 166 respectively.

Unless otherwise stated, references in this Section to “Par”, “the Company” or “our Company” are to Par Drugs And Chemicals Private Limited, and references to “we”, “our” or “us” are to the Company

### OVERVIEW OF THE COMPANY

Our Company was originally incorporated as a “*Par Drugs And Chemicals Private Limited*” at Bhavnagar, Gujarat as a Private Limited Company under the provisions of the Companies Act, 1956 vide certificate of incorporation dated February 26, 1999 bearing Registration Number 04-35512 of 1998-99 issued by the Registrar of Companies Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at Extra-ordinary General Meeting of our Company held on October 24, 2018 and the name of our Company was changed to “*Par Drugs and Chemicals Limited*” and a fresh certificate of incorporation consequent upon conversion of private Company to public limited dated November 5, 2018 was issued by the Registrar of Companies, Ahmedabad. The Corporate Identification Number of our Company is U24117GJ1999PLC035512.

Our Company is engaged in the development and manufacture of Active Pharma Ingredients (“APIs”) for the domestic market as well as for exports to international markets. APIs, also known as “bulk drugs” or “bulk actives” are the principal ingredient used in making finished dosages in the form of capsules, tablets, liquid, or other forms of dosage, with the addition of other APIs or inactive ingredients. We currently produce various range of Antacid Molecules which are available in the market and are in great demand.

We currently own and operate two manufacturing facilities at Bhavnagar and Ankleshwar in the Gujarat. We currently have three Manufacturing Blocks at our Bhavnagar Facility for different products. Our Bhavnagar facility certified by food & drugs control administration. During the year 2011, we have added two manufacturing Block out of three at our Chitra, Bhavnagar facility. One is dedicated facility for our Main API and another one is for Fine Chemicals.

Our product portfolio presently comprises 12 APIs and 6 Fine Chemical which are marketed domestically and exported. We supply our products to approximately 16 countries, including both direct and indirect exports. Our key customers include Essential Drugs Company Limited, Taurus chemicals (P) Limited, Pfizer Limited, United Phosphorus Limited (Samba Jammu Unit), Shiv Silica Private Limited.

Our pharmaceutical business is organized into domestic and international operations, according to the geographies in which we operate. For Fiscal 2019, our domestic and international operations accounted for 89.51% and 10.49%, respectively, of our total sales.

Our manufacturing facility is equipped with requisite infrastructure including machinery, other handling equipment to facilitate smooth manufacturing process. We endeavour to maintain safety in our premises by adhering to key safety norms. We have in-house testing laboratory to test our raw materials and finished products to match the quality standards and as specified and required by the customers.

Mr. Falgun Vallabhbhai Savani, Promoter and Managing Director of our Company and Mr. Jignesh Vallabhbhai Savani, Promoter and Executive Director & CEO of our Company, are professionally qualified entrepreneurs. Mr. Falgun Vallabhbhai Savani holds a Bachelor degree of Pharmacy and Masters of Business Administration and Mr. Jignesh Vallabhbhai Savani has completed Matriculation education and both have more than two decades of experiences in the APIs industry.

We also carry out job work for Drying Operations only. Our customers give us their product in a wet form or liquid form which we dry at our plant and return the dried (Powdered) product to them.

#### LOCATIONAL PRESENCE

**Registered Office:** 805, Dwarkesh Complex, R.C. Dutt Road, Alkapuri, Vadodara- 390007, Gujarat, India.

**Corporate Office:** 302, Anmol Plaza, Waghawadi Road, Bhavnagar 364001

**Manufacturing Unit I:** 333/1, GIDC, Estate, Phase-II, Chitra, Bhavnagar-364004, Gujarat

**Manufacturing Unit II:** 5901/1, G.I.D.C., Ankleshwar, Industrial Estate, Ankleshwar, Bharuch, Gujarat - 393002

#### FINANCIAL SNAPSHOT

##### Financial Performance of Company

(Amount ₹ In Lakhs)

Particulars	FY 2018-19	FY 2017-18	FY 2016-17
Total Revenue	4641.20	4241.65	4880.90
EBITDA	828.37	802.12	850.41
PAT	241.88	149.53	184.78

##### *Geographical wise sales for FY 2018-19*

Our Company generated approx. 89.33% of its Sales from Domestic market while approx. 10.67% of sales was by its export operations. The details of geographical break up is as under:

(Amount ₹ In Lakhs)

Particulars	Amount	% of Total Sales
India	4069.31	89.33
Bangladesh	330.59	7.26
Iran	114.48	2.51
Germany	16.77	0.37
Thailand	16.18	0.36
Canada	1.97	0.04
U.A.E.	1.82	0.04
Hong Kong	1.61	0.04
Colombia	1.46	0.03
UK	0.63	0.01
Japan	0.39	0.01
<b>Total</b>	<b>4555.21</b>	<b>100.00</b>

**Top 5 customers for FY 2018-19**

(Amount ₹ In Lakhs)

Sr. No.	Customer Name	Amount	% of Total Revenue
1.	Essential Drugs Company Limited	327.20	7.18
2.	Vedant Chemical Industries	292.78	6.43
3.	Nahta Chem Food Industries	274.03	6.02
4.	Oceanic Pharmachem Private Limited	237.44	5.21
5.	Kalapi Chemie Pharma	224.51	4.93
<b>Total</b>		<b>1355.96</b>	<b>29.77</b>

**Top 5 Suppliers for FY 2018-19**

(Amount In Lakhs)

Sr. No.	Suppliers Name	Amount	% Total Purchase
1.	Surya Glass Industries	629.93	32.86
2.	Jhaveri Corporation	256.49	13.38
3.	Heubach Colour Private Limited	181.39	9.46
4.	Kalapi Chemie Pharma (PUR)	150.07	7.83
5.	Virat Acid Private Limited	148.24	7.73
<b>Total</b>		<b>1366.12</b>	<b>71.26</b>

**OUR COMPETITIVE STRENGTHS**



✓ **Wide product range**

We manufacture a wide range of products in the Antacid segment. Our product portfolio presently comprises 12 APIs and 6 Fine Chemical which are marketed domestically and exported. We supply our products to approximately 10 countries, including both direct and indirect exports. We continuously focus on developing new products within our existing segments, including niche products developed with specific applications or taking customer specifications in view.

✓ **Global Presence**

Our Company is operating both in domestic and export markets. We export our products to approximately 10 countries, including Germany, United Kingdom, Bangladesh, Iran, and U.A.E etc. We have generated export revenue of ₹ 485.90 lakhs for the year ended March 31, 2019 which is 10.49% of our total revenue from operations. Our footsteps in international market will help us mitigate risk for any unforeseen circumstances in the domestic market and expand our business operations.

✓ **Experienced Promoters**

We are led by qualified and experienced Promoters and key managerial personnel, who we believe have extensive knowledge and understanding of the APIs business environment and have the expertise and vision to organically scale up our business. We believe that the knowledge and experience of our senior and middle-level management team members in the APIs business provides us with a significant competitive advantage as we seek to grow our business. Our Promoter and Managing Director, Mr. Falgun Vallabhbai Savani is professionally qualified entrepreneurs and holds a Bachelor degree of Pharmacy. Our Promoters have more than two decades of experiences in the APIs industry.

We believe that the knowledge and experience of our Promoters and senior and middle management provide us with a competitive advantage as we seek to expand in our existing markets and enter new geographic markets.

✓ **Robust chemistry capabilities**

We are a research driven Company with our R&D efforts focused on developing processes and achieving process improvements and production cost efficiencies. We have an established R&D facility which comprises chemical and analytical research laboratories at Chitra, Bhavnagar.

✓ **Diversified customer base**

As at March 31, 2019, we catered to more than 200 customers including dealers / agents worldwide, including some of the pharmaceutical companies like Essential Drugs Company Limited, Taurus chemicals (P) Limited, Pfizer Limited, United Phosphorus Limited (Samba Jammu Unit), Shiv Silica Private Limited. We strive to maintain and enlarge our customer base to reduce dependency on any particular customer.

✓ **Established sales and distribution network in in various states**

Our extensive sales and distribution network allows us to reach a wide range of consumers and ensures effective penetration of our products and marketing campaigns. Our domestic sales and distribution network is strategically spread across different regions such as Gujarat, Himachal Pradesh, Maharashtra, Tamil Nadu, West Bengal, Uttarakhand, Punjab and Delhi which comprising of more than 40 dealers and our export sales and distribution network is spread globally which comprising of 13 agents as on March 31, 2019. We believe that our extensive distribution network enables us to serve our customers and markets in an efficient and timely manner.

✓ **Established Track Record of Delivering Growth**

Our Company was incorporated in 1999, and we have delivered consistent growth over the last three financial years both in terms of financial and operational metrics. Our restated profit for the year has grown at a CAGR of 14.41% from 184.78 lakhs for the financial year 2017 to 241.88 lakhs for the financial year 2019.

## OUR BUSINESS STRATEGY



### ✓ ***Expand our product portfolio***

We intend to continue to leverage our process chemistry skills to expand our API product portfolio. We seek to leverage our R&D capabilities to expand our Product Portfolio and thus penetrate the different segments of application. This will ultimately increase the profitability of the Company by Value Addition.

### ✓ ***Exploring new geographical area***

Currently, we have presence in some Asian, African and Latin American countries. Our revenue from exports have increased from ₹ 352.57 Lakhs in FY 2017 to ₹ 485.90 Lakhs in FY 2019. Our product portfolio is primarily focused on offering differentiated products and register formulations based on customer's requirements. We intend to continue to grow our sales by exploring new geographical area and developing new products portfolio. Our growth strategy will vary from country to country depending on their specific regulatory requirements.

### ✓ ***Leveraging our market skills and relationship***

Leveraging our market skills and relationship is a continuous process in our industry and the skills that we impart in our people give importance to customers. We aim to enhance the growth by leveraging our relationship 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



✓ ***Augment our working capital base in order to better utilize our installed capacities.***

Our business of manufacturing of APIs is working capital intensive. We need to maintain sufficient inventory for the production process and also maintain a balance between debtors & creditors cycle. Since, we are not fully utilising our installed capacities, our growth depends on our ability to increase our utilization over the next few years and also adding new capacity subsequently. This expansion needs access to a larger amount of liquid funds and sufficient working capital. The same are proposed to be funded from the IPO proceeds and from Banking Facilities.

✓ ***Continuing innovation, technology upgrade and cost improvements***

Continuous innovation in our manufacturing process, technology upgrade and cost improvement is a norm at our Company. Our qualified and technical teams try and ensure minimal wastage and extract out maximum from the resources which we have at our disposal, be it the raw materials, be it the premises we operate in, optimum utilisation is what we believe will help us in innovating process improvements, thereby reducing costs. Additionally, we use the latest technology and machinery to ensure best quality and competitive product output and regularly upgrade our technology and machineries used in the manufacturing process in order to keep up market standards.

## OUR OPERATIONS

We supply APIs to a number of domestic and international companies. The key to enter the market for supplying APIs to companies is to have manufacturing facilities adhering to international standards, which would comply with the WHO GMP requirements, as well as developing cost competitive and efficient processes.

The APIs manufactured by us are purchased by pharmaceutical companies which convert the APIs into various forms of formulations such as tablets, capsules and liquid form for final sale.



## OUR MAJOR PRODUCTS

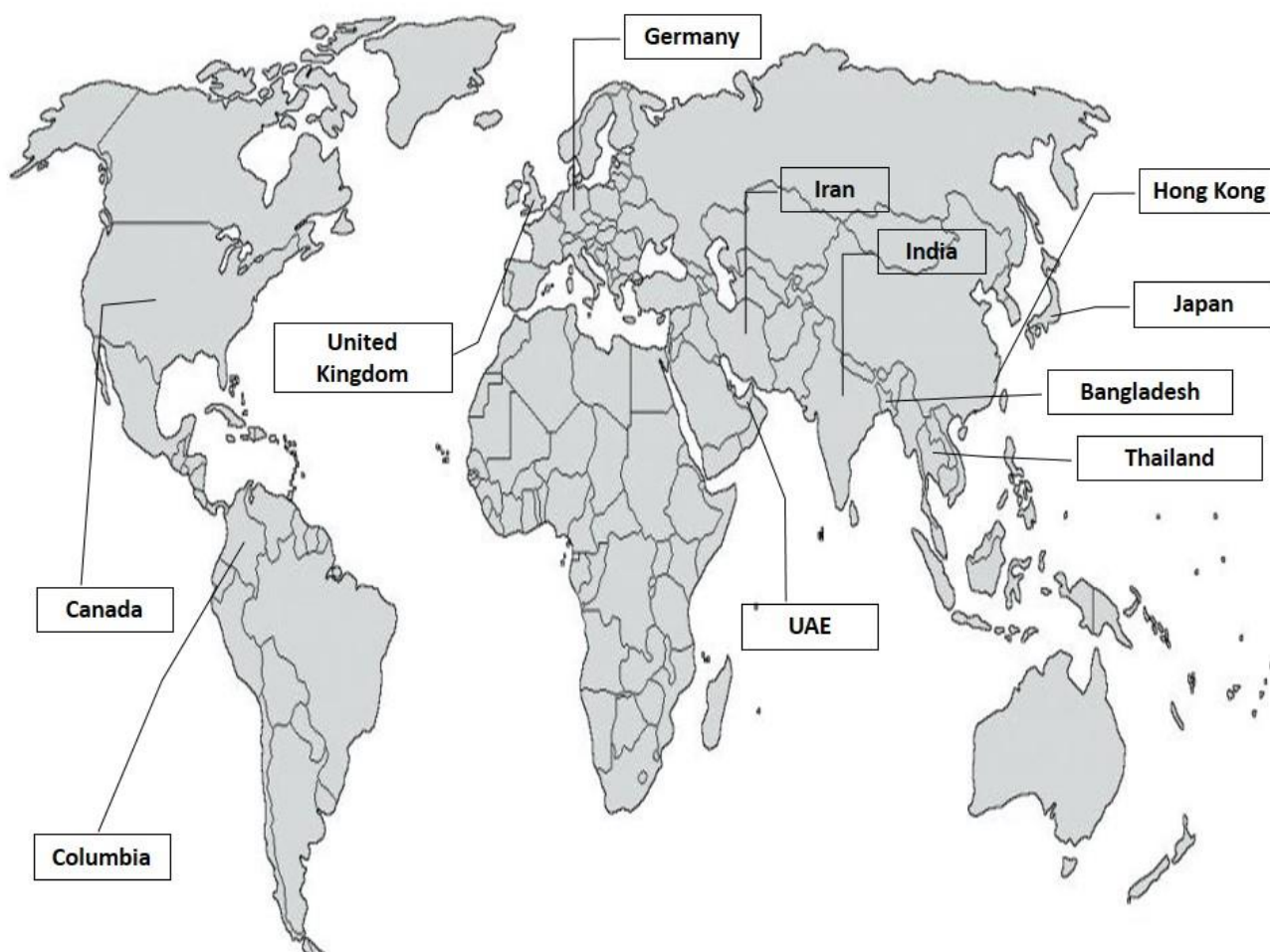
Sr. No.	Name of Product	CAS No.	Application
1.	Dried Aluminium Hydroxide Gel	21645-51-2	Mainly used as an active medicament in an Antacid Formulations, also used in manufacturing of lake colors, Inks, catalysts carrier etc
2.	Almagate BP	66827-12-1	Used as an Antacid Raw material in a specific antacid formulations.



3.	Amorphous Aluminium Hydroxide Dried Gel	21645-51-2	Mainly used as an active medicament in an Antacid Formulations, also used in manufacturing of lake colors, Inks, catalysts carrier etc.
4.	Aluminium Magnesium Silicate	12511-31-8	Used as an Antacid Raw material in a specific antacid formulations, ceramics, suspending agent, thickening agent etc.
5.	Colloidal Silicon Dioxide	7631-86-9	Colloidal Silicon Dioxide has many uses in tablet-making: some include as an anti-caking agent, adsorbent, disintegrate or glidant to allow powder to flow freely when tablets are processed.
6.	Hydrotalcite	12304-65-3	Used as an API in Antacid Formulation
7.	Copper Sulphate	7758-98-7	Used in process of manufacturing special dyes and pigments.
8.	Light Magnesium Carbonate	546-93-0	Magnesite and dolomite minerals are used to produce magnesium metal and basic refractory bricks. Magnesium Carbonate is also used in flooring, fire proofing, fire extinguishing compositions, cosmetics, dusting powder and toothpaste
9.	Magnesium Oxide USP	1309-48-4	It uses include relief of heartburn and sore stomach, as an antacid, magnesium supplement and as a short-term laxative.
10.	Magnesium Aluminium Silicate	1327-43-1	Used as an Antacid Raw material in a specific antacid formulations, ceramics, suspending agent, thickening agent etc.
11.	Magaldrate	74978-16-8	Magaldrate is a common antacid drug that is used for the treatment of duodenal and gastric ulcers, esophagitis from gastroesophageal reflux
12.	Magnesium Hydroxide	1309-42-8	Widely used as an Antacid in many Formulation. Also used as intermediate for obtaining magnesium metal, residual fuel additive, sulfite pulp, uranium processing, dentifrices, in food as alkali, drying agent, color retention agent, frozen desserts
13.	Magnesium Oxide Heavy	1309-48-4	Magnesium Oxide Heavy is widely used as high-temperature resistant materials
14.	Magnesium Oxide Light	1309-48-4	Magnesium Oxide Light can be used as filling and reinforcing agent for light-colored plastic and rubber products, polishing agent, binding agent, accelerator and activator for fluorine and chloroprene rubber.
15.	Magnesium Trisilicate	14987-04-3	Used as Antacid in Antacid Formulations. Also useful Antioxidant, decolorizing agent and industrial odor absorbent.
16.	Precipitated Silica	7631-86-9	Pesticides & detergents, special low moisture grade, free flow salt & anticaking agent for cosmetics and pharmaceuticals

17.	Sucralfate	54182-58-0	Sucralfate is a medication primarily taken to treat active duodenal ulcers. Sucralfate is also used for the treatment of gastroesophageal reflux disease and stress ulcers
18.	Sodium Aluminium Silicate	1344-00-9	Sodium Aluminium Silicate is used in paper, paint & coating application

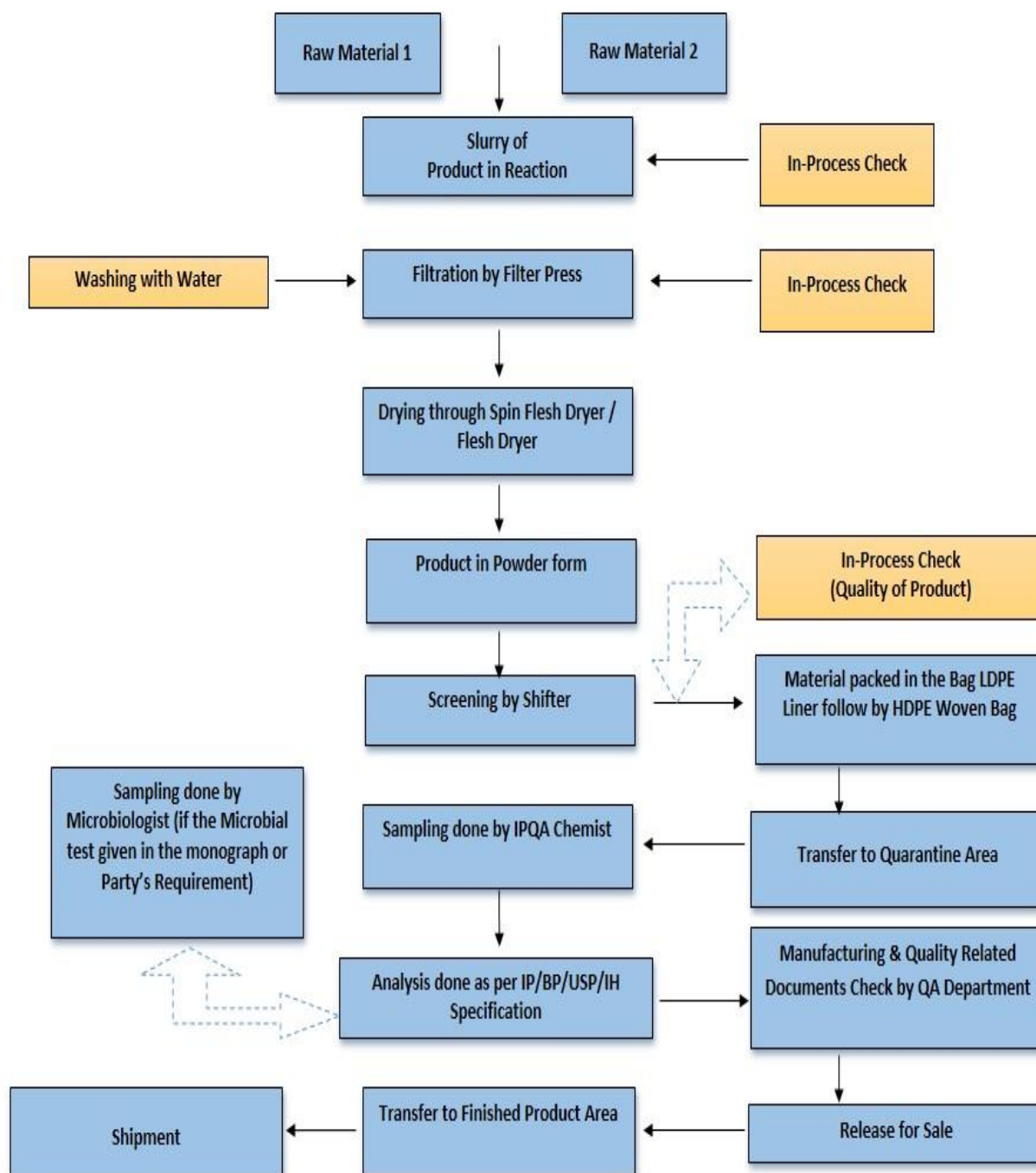
## GLOBAL REACH



## MANUFACTURING PROCESS

Our manufacturing processes comprises of the operations i.e. Reaction, Filtration, Washing, Drying and Packing. We use technology and processes developed by our in-house R&D which is located at our Bhavnagar manufacturing unit. Improving yields and cost efficiency in processes is a continuous agenda with the R&D team.

A general process flowchart is provided below:



## 1. Procurement of Raw Material

Our business process starts with the procurement of raw materials as per the order in hand and the market conditions for further processing which includes procurement of magnesium chloride, caustic soda lye, soda ash, Aluminium chloride etc. All incoming raw materials are tasted as per our specifications.

## 2. Reaction Stage

This stage where the actual molecule is formed where the chemical reaction takes place in a controlled environment between the raw materials. The quantity of raw material and addition of the same depends on the final product to be manufactured.

### **3. Filtration:**

After the reaction, the slurry has to be washed to remove impurities. Washing process is carried out until the product comply with prescribed limit as per Specification. It is a controlled process and sulphates and chlorides are washed off with treated water.

### **4. Drying Stage:**

Drying is the final unit operation where the excess water from the product is evaporated at a controlled temperature and we get the final product in powder form. Our facility is equipped with all the latest bulk drying equipment available in market like spray dryer, spin flash dryer and flash dryer.

### **5. Quality Control and Sampling-**

The sampling is done for the final product as per the system and norms already defined and then these samples are sent to the QC for testing as per the pharmacopoeia. These pharmacopoeia standards are established as per the customer's requirements like Indian Pharmacopoeia ("IP"), British Pharmacopoeia ("BP") or United States Pharmacopoeia ("USP"). After Approval received from QC & QA Department the Batch is transfer in the finished product area.

### **6. Packaging**

Once the quality check is done the material is sent to the packaging department where it is packed in Low density Polyethylene ("LDPE") and High density Polyethylene ("HDPE") containers and supplied to various parties.

### **7. Research and Development**

The primary responsibilities of our Research and Development team includes:-

- New products development
- Development of customized products catering to specific requirement of the customers.
- Scale up and Optimization of new technologies
- To render assistance to production and quality assurance for quality improvement, troubleshooting in existing process and products.
- Value engineering and development of cost effective process.

Our Research and Development team at our Bhavnagar unit is supported by well-equipped facilities for laboratory trial and pilot plant trials. State of the art analytical instruments are used in analysing the products.

### **8. Marketing and Distribution**

We supply to a number of domestic and international generics companies. For marketing the products, our approach to marketing includes direct marketing to customers, as well as through our agent network in domestic as well as international markets. We believe that our direct marketing initiatives have helped us to develop and retain customers.

## **OUR RAW MATERIALS**

The key raw material that we use for our manufacturing operations includes magnesium chloride, caustic soda lye, soda ash, aluminium chloride etc. We identify and approve multiple vendors to source our key raw materials and we place purchase orders with them from time to time. We currently source our key raw materials from various companies through their dealers.

## **UTILITIES & INFRASTRUCTURE FACILITIES**

### **Infrastructure Facilities**

Our registered office, corporate office and manufacturing units are well equipped with computer systems, internet connectivity, other communications equipment, security and other facilities, which are required for our

business operations to function smoothly. They are equipped with requisite utilities and facilities including the following:

#### **Power**

Our manufacturing operations require a significant amount of power and water. Steam, hot water, cooling tower water, chilled brine are regularly used in our manufacturing process. We have installed 6 MT capacity of Fluidized Bed type Boiler in our Bhavnagar unit to generate the fuel.

The electricity requirements at our Bhavnagar manufacturing unit is met through Pashchim Gujarat Vij Company Ltd. and for Ankleshwar unit through Dakshin Gujarat Vij Company Ltd. respectively. We also have back-up arrangements in the form of diesel generator sets. Further, Our Company had set-up the solar photovoltaic rooftop system of 57.6W at our Bhavnagar Manufacturing unit via net metering inter connection agreement between Pashchim Gujarat Vij Company Limited and our Company.

#### **Water**

Our Company procures the water requirement from GWIL for our Bhavnagar unit and from GIDC for our Ankleshwar Unit.

#### **Regulatory and Environmental Matters**

Our APIs are used in products that are sold in various markets and are subject to regulation by their respective government entities, including the Food & Drugs Control Administration. These agencies requires us to adhere to laws and regulations governing the development, testing, manufacturing, labelling, marketing and distribution of our APIs.

We are subject to significant Indian national and state environmental laws and regulations, including regulations relating to the prevention and control of water pollution and air pollution, environmental protection, hazardous waste management and noise pollution, in addition to the analogous laws and regulations in the foreign jurisdictions in which we do business. These laws and regulations govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations.

#### **LIST OF MAJOR PLANT & MACHINERY**

The details of existing major Plant & Machinery in our Manufacturing Units are given below:-

<b>Name of Machinery</b>	<b>Quantity</b>
Spin Flash dryer of 250 Ltrs/Hr Evaporation Capacity	01
Spin Flash Dryer of 650 Ltrs/Hr Evaporation Capacity	01
Flash Dryer of 1500 Ltrs/Hr Evaporation Capacity	01
Spray Dryer of 650 Ltrs/Hr Evaporation Capacity	01
IBR Steam Boiler of 6 MT/Hr Steam Generation Capacity at 15Kgs. Pressure	01
Coal fired Hot Air Generators for all the dryers	03
SS 316 Reactor Vessels of capacity ranges from 15 KL to 30 KL	08
MS Glass Lined Reactors of capacity ranges from 3 KL to 5 KL	02
MS Rubber Lined Centrifuge Of Size: 48"	02
MS Brick Lined Reactors of capacity ranges from 20 KL to 30 KL	04
MS Rubber Lined Reactors of capacity ranges from 20 KL to 30 KL (Ankl-unit)	04
R.C.C. Reactors With Tiling of capacity 15 KL	01
R.C.C. Reactors With Tiling of capacity 10 KL – (ANkl-Unit)	02
MS Storage Tank of capacity ranges from 30 KL to 75 KL	15

MS Rubber Lined Storage Tank of capacity ranges from 20 KL to 30 KL (Ankl-unit)	02
HDPE Spiral Storage Tank of capacity ranges from 15 KL to 60 KL	09
HDPE Spiral Storage Tank of capacity 15 KL (Ankl-Unit)	02
PP Filter Press Size – 36”x36” (Ankl-Unit)	06
PP Filter Press Size – 36”x36”	18
PP Filter Press Size – 48”x48”	05
MS CONVEYOR BELT for Material Movement (Ankl-Unit)	08
MS CONVEYOR BELT for Material Movement	29
Air Compressor	05
MS Chimney	03
Electric Furnaces	02
Chilling Plant	01
Goods Lift	03
Gear Box	58
Water Filtration Plant	01
Feed Hopper	03
Vibro Shifter	06
Elevator	03
Pulverizer	01
Diesel Generator 400 KVA	01
High Shear Mixer	02
Condensing Unit	01
MS Pressure Vessel of 10 Kgs. Working pressure of 30 KL	01

#### CAPACITY UTILIZATION

The production and utilized capacities of our Company for our product for the past three years are set forth in the following tables:

Particulars	Existing		
	2016-17	2017-18	2018-19
Total Installed Capacity (M.T) p.a.	6900	6900	6900
Utilized Capacity (M.T) p.a.	6472.87	5841.94	6313.34
Utilized Capacity (%)	93.80	84.66	91.50

#### COLLABORATIONS/TIE UPS/JOINT VENTURES

As on the date of this Prospectus, our Company has not entered into any technical or other collaboration, tie ups or Joint Venture.



## COMPETITION

APIs being a vast and global industry, we face competition from various organised and unorganised sector in domestic market as well as from international market. Some of our competitors may have greater resources than those available to us. Our key competitors include Taurus Chemicals Private Limited, Vasundhara Rasayans Limited and Nitika Pharmaceutical Specialities Private Limited etc.

## HUMAN RESOURCES

Our work force is a critical factor in maintaining quality and safety which strengthen our competitive position. Our human resource policies focus on training and retaining our employees. We train our employees on a regular basis to increase the level of operational excellence, improve productivity and maintain compliance standards on quality and safety. We believe we have good relations with our employees. As on April 22, 2019, we had 85 employees.

Employee details as on April 22, 2019	
Particulars	Number of Employees
Accounts Department	3
Sales & Marketing	2
R & D and Laboratory	6
Maintenance	11
Production	53
Compliance	1
Purchase	1
Administration/ Others	8
<b>Total Employees</b>	<b>85</b>

## LAND AND PROPERTY

The following table provides information regarding Registered Office, Corporate office, Manufacturing Units, and other facilities in India:

Sr. No.	Location	Owned/Rented/Leased/Licensed	Description of activities at a given location
1	805, Dwarkesh Complex R.C. Dutt Road, Alkapuri, Vadodara - 390007, Gujarat, India	Owned	Registered Office
2	302, Anmol Plaza, Waghawadi Road, Bhavnagar 364001	Rented	Corporate Office
3	333/1, 333/2, 334, 335, 336/A, 336/B, 337, 338 GIDC, Estate, Phase-II, Chitra, Bhavnagar-364004, Gujarat, India	Leased	Manufacturing Unit I
4	5901/1, GIDC Industrial Estate, Ankleshwer. Dist. Bharuch, Gujarat, India	Leased	Manufacturing Unit II

## INTELLECTUAL PROPERTY RIGHTS

As on date of this Prospectus, our Company does not have registered/applied for any intellectual property rights.



## KEY INDUSTRY REGULATIONS AND POLICIES

*Except as otherwise specified in this Prospectus, the Companies Act, 1956 / the Companies Act, 2013, we are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business as a player in business of manufacturing of Active Pharmaceutical Ingredients industry. Taxation statutes such as the I.T. Act, and applicable Labour laws, environmental laws, contractual laws, intellectual property laws as the case may be, apply to us as they do to any other Indian Company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below may not be 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.*

### APPROVALS

For the purpose of the business undertaken by our Company, our Company is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled “Government and Other Statutory Approvals” beginning on page number 191 of this Prospectus.

### APPLICABLE LAWS AND REGULATIONS

#### **BUSINESS/TRADE RELATED LAWS/REGULATIONS**

##### **The Micro, Small and Medium Enterprises Development Act, 2006**

In order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise (“MSME”) the Micro, Small and Medium Enterprises Development Act, 2006 is enacted. A National Board shall be appointed and established by the Central Government for MSME enterprise with its head office at Delhi in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry mentioned in first schedule to Industries (Development and Regulation) Act, 1951 as “micro enterprise”, where the investment in plant and machinery does not exceed twenty-five lakh rupees; “Small enterprise”, where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or a medium enterprise, where the investment in plant and machinery is more than five crore but does not exceed ten crore rupees and in the case of the enterprise engaged in the services, “Micro – enterprise”, where the investment in equipment does not exceed ten lakh rupees, “Small Enterprise” where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees, or “Medium Enterprise” where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

##### **The Drugs and Cosmetics Act, 1940 (“DCA”)**

The Drugs and Cosmetics Act, 1940 (the “DCA Act”) regulates the import, manufacture, distribution and sale of drugs in India as well as aspects relating to instalment, packing and testing as well as matters pertaining to drug formulations, instalment and APIs. It provides the procedure for testing and licensing new drugs. These procedures involve obtaining a series of approvals for different stages at which the drugs are tested, before the Drug Controller General of India, an authority established under the DCA Act (“DCGI”) grants the final license to allow the drugs to be manufactured and marketed. Obtaining an approval from DCGI involves an application to be made to the DCGI. Upon examining the medical data, the chemical data and the toxicity of the drug, the DCGI issues a no objection certificate. The no objection certificate allows the manufacturer of the drug to move on to the next stage of testing at the central drug laboratories. The drug is subject to a series of tests at the central drug laboratories, for its chemical integrity and analytical purity. If the drug meets the standards required by the authority, the authority issues a certificate in that respect.

The DCGI issues a manufacturing and marketing license in respect of APIs. These licenses are submitted by

the Company seeking to produce the drug, to the drug control administration of the state which clears the drug for manufacturing and marketing. The drug control administration also provides the approval for technical staff as per the DCA Act and Drugs and Cosmetics Rules, 1945 framed under the legislation abiding by the WHO and cGMP inspection norms. The approvals for licensing are to be obtained from the drug control administration. The Central Drugs Standard Control Organisation (“CDSCO”) is responsible for testing and approving APIs and formulations in consultation with the DCGI. The approval process for conducting clinical trials, manufacturing and marketing of a drug depends on whether the drug is a new chemical entity or a Recombinant Deoxyribonucleic Acid (“RDNA”) product. For new chemical entities, the DCGI is the approving authority. However, for RDNA products, applications have to be submitted to the Department of Biotechnology (“DBT”) after which they are processed for scientific, safety and efficacy issues by an advisory committee comprising the DBT, the chairman of the review committee on genetic manipulation, the DCGI, the Ministry of Health and Family Welfare, and other experts. If the advisory committee is satisfied, it then recommends the proposal to DCGI who then clears the proposal for Phase I clinical trials. The DCGI reviews the clinical data after every phase based on which it grants approval for entering into the next phase. The Phase III clinical data is 150 examined by the DCGI in consultation with the Genetic Engineering Approval Committee (“GEAC”).

Thereafter, the DCGI grants the final approval for manufacturing and marketing the product. According to the DCA Act and the applicable guidelines for generating pre-clinical and clinical data for RDNA based vaccines, diagnostics and other human clinical trials can be conducted in four sequential phases that may overlap under some circumstances:

- Phase I: In this phase, the drug or treatment is introduced into a small group of healthy human beings to evaluate its safety, determine a safe dosage range and identify its side effects.
- Phase II: This phase involves studies on a selected group of patients to identify possible adverse effects and risks, to determine the efficacy of the product for specific targeted diseases and to further evaluate its safety.
- Phase III: Pursuant to Phase II evaluations demonstrating that a dosage range of the product is effective and has an acceptable safety profile, further trials are undertaken on larger groups of patients to confirm their effectiveness, monitor side effects, compare it to commonly used treatments and collect information that will allow the drug or treatment to be used safely.
- Phase IV: In this phase, a study of post-marketing information with regard to the drug’s risks, benefits and optimal use is carried out.

Further, the DCGI has vide a notification, made registration of human clinical trial mandatory from June 15, 2009, which will be applicable for clinical trials initiated after June 15, 2009. Under the DCA Act, the Government may, by notification in the official gazette, regulate or restrict the manufacture, sale or distribution of a drug, if it is satisfied that such drug is essential to meet the requirements of an emergency arising due to epidemic or natural calamities and that in the public interest, it is necessary or expedient to do so or that the use of such drug is likely to involve any risk to human beings or animals or that it does not have the therapeutic value claimed or purported to be claimed for it or contains ingredients and in such quantity for which there is no therapeutic justification.

#### **The Drugs and Cosmetics Rules, 1945 (“DC Rules”)**

The Drugs and Cosmetics Rules, 1945 enacted to give effect to the provisions of the DCA to regulate the manufacture, distribution and sale of drugs and cosmetics in India. The DC Rules prescribe the procedure for submission of report to the Central Drugs Laboratory, of samples of drugs for analysis or test, the forms of Central Drugs Laboratory’s reports thereon and the fees payable in respect of such reports. The DC Rules also prescribe the drugs or classes of drugs or cosmetics or classes of cosmetics for the import of which a licence is required, and prescribe the form and conditions of such licences, the authority empowered to issue the same and the fees payable therefore. The DC Rules provide for the cancellation or suspension of such licence in any case where any provisions or rule applicable to the import of drugs and cosmetic is contravened or any of the conditions subject to which the licence is issued is not complied with. The DC Rules further prescribe the manner of labelling and packaging of drugs. The DC Rules lay down the process mechanics and guidelines for clinical trial, including procedure for approval for clinical trials. Clinical trials require obtaining of free,

informed and written consent from each study subject. The DC Rules also provide for compensation in case of injury or death caused during clinical trials. The Central Drugs Standard Control Organization has issued the guidance for industry for submission of clinical trial application for evaluating safety and efficacy, for the purpose of submission of clinical trial application as required under the DC Rules. The Indian Council of Medical Research has issued the Ethical Guidelines for Biomedical Research on Human Participants, 2006 which envisages that medical and related research using human beings as research participants must, necessarily, inter alia, ensure that the research is conducted in a manner conducive to, and consistent with, their dignity, well-being and under conditions of professional fair treatment and transparency. Further such research is subjected to evaluation at all stages of the same.

#### **Good Manufacturing Practice Guidelines (“GMP”)**

These guidelines are provided under “Schedule T” of Drug and Cosmetic Act, 1940. Good manufacturing practices (“GMP”) are the practices required in order to confirm the guidelines recommended by agencies that control authorization and licensing for manufacture and sale of food, drug products, and active pharmaceutical products. These guidelines provide minimum requirements that a pharmaceutical or a food product manufacturer must meet to assure that the products are of high quality and do not pose any risk to the consumer or public. Good manufacturing practices, along with good laboratory practices and good clinical practices, are overseen by regulatory agencies in various sectors in India.

#### **Standards of Weights and Measures Act, 1976 and Standards of Weights and Measures (Packaged Commodities) Rules, 1977**

The Standards of Weights and Measures Act, 1976 aims at introducing standards in relation to weights and measures used in trade and commerce. The rules made thereunder, particularly the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 lay down the norms to be followed, in the interests of consumer safety, when commodities are sold or distributed in packaged form in the course of inter-state trade or commerce. This Act and rules formulated thereunder regulate inter alia inter-state trade and commerce in weights and measures and commodities sold, distributed or supplied by weights or measures.

#### **Essential Commodities Act, 1955**

The Essential Commodities Act, 1955 (the “**EC Act**”) is enacted to control the production, supply and distribution of trade and commerce in the essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. Section 3 of the EC Act confers wide powers on the Central Government to, inter alia, regulate the production or manufacture of any essential commodity, control the price at which any essential commodity may be bought or sold (in accordance with the directions issued by the Central Government). In furtherance of the above powers, the Central Government may order any person, engaged in the production of an essential commodity, to sell the same to the Central or State Government. Under Section 5, various powers of the Central Government under the EC Act have been delegated to the State Governments. Section 6 of the EC Act provides for seizure / confiscation of an essential commodity by a District Collector.

#### **The Drugs (Price Control) Order, 2013 (“DPCO 2013”)**

The DPCO was issued by the Central Government under section 3 of the ECA and in supersession of the Drugs (Prices Control) Order, 1995, thereby giving effect to the 2012 Policy. The DPCO 2013, inter alia, provides that the Central Government may issue 94 directions to the manufacturers of active pharmaceutical ingredients or bulk drugs and formulations to increase production or sell such active pharmaceutical ingredient or bulk drug to such manufacturer of formulations and direct the formulators to sell the formulations to institutions, hospitals or any agency, procedures for fixing the ceiling price of scheduled formulations of specified strengths or dosages, retail price of new drug for existing manufacturers of scheduled formulations, method of implementation of prices fixed by Government and penalties for contravention of its provisions. The Government has the power under the DPCO 2013 to recover amounts charged in excess of the notified price from the manufacturer, importer or distributor and the said amounts are to be deposited in the Drugs Prices Equalization Account. The DPCO 2013 prescribes certain instances in which case the provision of the DPCO

2013 will not be applicable. These provisions are applicable to all scheduled formulations irrespective of whether they are imported or patented, unless they are exempted. However, the prices of other drugs can be regulated, if warranted in public interest.

### **The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 (“DMRA”)**

DMRA seeks to control advertisements of drugs in certain cases and prohibits advertisement of remedies that claim to possess magic qualities. In terms of the DMRA, advertisements include any notice, circular, label, wrapper or other document or announcement. It also specifies the ailments for which no advertisement is allowed and prohibits advertisements that misrepresent, make false claims or mislead. Further, the Drugs and Magic Remedies (Objectionable Advertisements) Rules, 1955 have been framed for effective implementation of the provisions of the DMRA.

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

The Indian Boilers Act, 1923 (the “**Boilers Act**”) states that the owner of any boiler (as defined therein), which is wholly or partly under pressure when is shut off, shall under the provisions of the Boilers Act, apply to the Inspector appointed thereunder to have the boiler registered which shall be accompanied by prescribed fee. The certificate for use of a registered boiler is issued pursuant to such application, for a period not exceeding twelve months, provided that a certificate in respect of an economiser or of an unfired boiler which forms an integral part of a processing plant in which steam is generated solely by the use of oil, asphalt or bitumen as a heating medium may be issued for a period not exceeding twenty-four months in accordance with the regulations made under Boilers Act. On the expiry of the term or due to any structural alteration, addition or renewal to the boiler, the owner of the boiler shall renew the certificate by providing the Inspector all reasonable facilities for the examination and all such information as may reasonably be required of him to have the boiler properly prepared and ready for examination in the prescribed manner.

## **INDUSTRIAL POLICY OF RELEVANT STATE**

### **The Gujarat Industrial Policy 2013**

The policy aims to make Gujarat as an attractive “Total Business Destination” expedites the overall country’s economic growth, thereby increasing the standard of living and prosperity among the people of Gujarat by giving them the opportunity for skilled employment and availability of nurtured enterprise. This policy of Gujarat is a framework than a detailed blueprint, aimed at defining the broad contours of the government’s mission towards augmenting the industrial development of the state. The projects are classified into four categories wherein less than ₹ 10 crores is termed as MSME. Further there was promotion of Cluster Development in State. Clusters are geographic concentrations of competing and collaborating firms that tend to speed up economic development in an area by improving competitiveness, developing synergies and introducing innovation especially in the MSME sector. Being an industrialized state, Gujarat needs to have a strategy which can support industrialization through higher value addition. There is a provision for financial assistance proposed in the New Industrial Policy which is as follows:

- a) Assistance will be subject to preparation of a Comprehensive Development Plan for 5 years by the project cluster group
- b) Pecuniary assistance to nodal institutions/hiring of experts
- c) Clusters will be eligible for financial assistance as available under the Scheme of Critical Infrastructure.

The policy aims at enhancing competitiveness in MSME sector. The state has witnessed strong growth in the sector and envisages strengthening the sector and making it more technology driven. To motivate the entrepreneurs the Gujarat government will constitute separate awards for MSMEs. The use of Enterprise Resource Planning System (ERPS) will be encouraged in the sector. Financial assistance and training for ERPS shall be provided by the government.

There are many incentive schemes provided for MSME sector like market development assistance, shed and plot development, assistance to Industrial park, Logistics Park.



## **ANTI-TRUST LAWS**

### **Competition Act, 2002**

An act to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The act deals with prohibition of agreements and Anti-competitive agreements. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Act.

The prima facie duty of the commission is to eliminate practices having adverse effect on competition, promote and sustain competition, protect interest of consumer and ensure freedom of trade. The commission shall issue notice to show cause to the parties to combination calling upon them to respond within 30 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the Commission and Director General he shall be punishable with a fine which may exceed to ₹ 1 lakh for each day during such failure subject to maximum of Rupees One Crore.

## **GENERAL CORPORATE COMPLIANCE**

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

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

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

## **EMPLOYMENT AND LABOUR LAWS**

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

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour. The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, a contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

**Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees Provident Fund Scheme, 1952**

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the EPF Act") is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under Section 5 of the EPF Act (as mentioned above) frames Employees Provident Scheme, 1952.

**The Employees Compensation Act, 1923**

The Employees Compensation Act, 1923 ("EC Act") (and the amendments thereof) provides for payment of compensation to injured employees or workmen by certain classes of employers for personal injuries caused due to an accident arising out of and during the course of employment. Under the EC Act, the amount of compensation to be paid depends on the nature and severity of the injury. The EC Act also lays down the duties/obligations of an employer and penalties in cases of non-fulfilment of such obligations thereof. There are separate methods of calculation or estimation of compensation for injury sustained by the employee. The employer is required to submit to the Commissioner for Employees' Compensation a report regarding any fatal or serious bodily injury suffered by an employee within seven days of death\ serious bodily injury.

**Employees Deposit Linked Insurance Scheme, 1976**

The scheme shall be administered by the Central Board constituted under section 5A of the EPF Act. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under Section 8A of the act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer's contribution and also Central Government's contribution to the insurance fund shall be credited to an account called as "Deposit-Linked Insurance Fund Account."

**The Employees' Pension Scheme, 1995**

Family pension in relation to this act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this act. Every employee who is member of EPF or PF has an option of the joining scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the entire employee who is member of the fund.

**Employees' State Insurance Act, 1948 (the "ESI Act")**

The Employees' State Insurance Act, 1948 (the "ESI Act") an act to provide for certain benefits to employees in case of sickness, maternity and 'employment injury' and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government) other than seasonal factories. Provided that nothing contained in this sub-section shall apply to a factory or establishment belonging to or under the control of the Government whose employees are otherwise in receipt of benefits substantially similar or superior to the benefits provided under this Act. The ESI Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

**Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment in which 20 or more persons are employed on any day during an accounting year to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

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

The Payment of Gratuity Act, 1972 shall apply to every factory, mine plantation, port and railway Company; to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government, may by notification, specify in this behalf.. A shop or establishment to which this act has become applicable shall be continued to be governed by this act irrespective of the number of persons falling below ten at any day. The gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five year period shall be relaxed in case of termination of service due to death or disablement.

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

The Minimum Wages Act, 1948 (“MWA”) came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. Construction of Buildings, Roads, and Runways are scheduled employments. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

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

The Maternity Benefit Act, 1961 provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The act is applicable to every establishment which is a factory, mine or plantation including any such establishment belonging to government and to every establishment of equestrian, acrobatic and other performances, to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the state government may, with the approval of the Central Government, after giving at least two months’ notice shall apply any of the provisions of this act to establishments or class of establishments, industrial, commercial, agricultural or otherwise.

#### **Equal Remuneration Act, 1979**

The Equal Remuneration Act 1979 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 act was enacted with the aim of state to provide Equal Pay and Equal Work as envisaged under Article 39 of the Constitution.

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

The Child Labour Prohibition and Regulation Act 1986 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. Employment of Child Labour in our industry is prohibited as per Part B (Processes) of the Schedule.

#### **Trade Union Act, 1926 and Trade Union (Amendment) Act, 2001**



Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non-employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

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

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

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

This Act has been enacted with an aim to regulate the employment of inter-state migrant workmen and to provide for their conditions of service. It is applicable to every establishment employing five or more inter-state migrant workmen or having employed in the past twelve months and to every contractor who employs or who employed five or more inter-state migrant workmen in the past twelve months. Every Principal Employer of the establishment employing inter-state migrant workmen has to make an application for the registration of the establishment in the prescribed manner and time. Also a contractor employing inter-state migrant workmen has to obtain a license for the same from the licensing officer appointed for the purpose by the Central or the state Government. The license is valid only for a specified period and requires to be renewed at its expiry. The Act levies some duties on the principal employer and the contractor. The contractor has to provide for adequate wages, medical facilities and other benefits while it is the responsibility of the principal employer to provide for the displacement allowance and journey allowance to the workmen.

#### **Industrial Disputes Act, 1947 (“ID Act”) and Industrial Dispute (Central) Rules, 1957**

The ID Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The ID Act was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The ID Act also sets out certain requirements in relation to the termination of the services of the workman. The ID Act includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment.

### **TAX RELATED LEGISLATIONS**

#### **Value Added Tax**

Value Added Tax (“VAT”) is a system of multi-point Levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT

Liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Note: The VAT Act now has been replaced by the Goods and Service Tax (GST) Act, 2017

### **Service Tax**

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of 'taxable services', as specified in entry 39 defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 5<sup>th</sup> / 6<sup>th</sup> of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by the 25<sup>th</sup> of the month immediately following the half year to which the return relates.

Note: The Service Tax now has been replaced by the Goods and Service Tax (GST) Act, 2017

### **Central Sales Tax Act, 1956**

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.

Note: The CST Act now has been replaced by the Goods and Service Tax (GST) Act, 2017

### **Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taking out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code). Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Customs Tariff Act 1975. Customs duty is calculated on the transaction value of the goods. Customs duties are administered by Central Board of Excise and Customs under the Ministry of Finance.

### **The Central Excise Act, 1944**

The Central Excise Act, 1944 ("Central Excise Act") consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

Note: The Central Excise Act now has been replaced by the Goods and Service Tax (GST) Act, 2017

### **Goods and Service Tax (GST)**

Goods and Services Tax (GST) is levied on supply of goods or services or both jointly by the Central and State Governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017 and is governed by the GST Council. GST provides for imposition of tax on the supply of goods or services and will be levied by Centre on intra-state supply of goods or services and by the States including Union territories with legislature/ Union Territories without legislature respectively. A destination based consumption tax GST would be a dual GST with the centre and states simultaneously levying tax with a common base. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (CGST), State Goods and Services Tax Act, 2017 (SGST), Union Territory Goods and Services Tax Act, 2017 (UTGST), Integrated Goods and Services Tax Act, 2017 (IGST) and Goods and Services Tax (Compensation to States) Act, 2017 and various rules made thereunder. It replaces following indirect taxes and duties at the central and state levels:

Central Excise Duty, Duties of Excise (Medicinal and Toilet Preparations), additional duties on excise – goods of special importance, textiles and textile products, commonly known as CVD – special additional duty of customs, service tax, central and state surcharges and cesses relating to supply of goods and services, state VAT, Central Sales Tax, Luxury Tax, Entry Tax (all forms), Entertainment and Amusement Tax (except when levied by local bodies), taxes on advertisements, purchase tax, taxes on lotteries, betting and gambling.

It is applicable on all goods except for alcohol for human consumption and five petroleum products.

Taxpayers with an aggregate turnover of ₹ 20 lakhs would be exempt from tax. The exemption threshold for special category of states like North-East shall be ₹ 10 lakhs. Small taxpayers with an aggregate turnover in preceding financial year upto ₹ 75 lakhs (50 lakhs in case of special category states) may opt for composition levy. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

Export and supplies to SEZ shall be treated as zero-rated supplies. Import of goods and services would be treated as inter-state supplies. Every person liable to take registration under these Acts shall do so within a period of 30 days from the date on which he becomes liable to registration. The Central/State authority shall issue the registration certificate upon receipt of application. The Certificate shall contain fifteen digit registration number known as Goods and Service Tax Identification Number (GSTIN). In case a person has multiple business verticals in multiple location in a state, a separate application will be made for registration of each and every location. The registered assessee are then required to pay GST as per the rules applicable thereon and file the appropriate returns as applicable thereon.

### **OTHER LAWS**

#### **The Factories Act, 1948 (“Factories Act”)**

The Factories Act, 1948 aims at regulating labour employed in factories. A “factory” is defined as “any premises whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were 81 working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on”. The main aim of the said Act is to ensure adequate safety measures and to promote the health and welfare of the workers employed in factories initiating various measures from time to time to ensure that adequate standards of safety, health and welfare are achieved at all the places.

Under the Factories Act, the State Government may make rules mandating approval for proposed factories and requiring licensing and registration of factories. The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures. The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the “occupier”, being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made

thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine. The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

#### **Gujarat Shops and establishments Act, 1948**

The Act regulates the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide 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.

### **ENVIRONMENTAL LEGISLATIONS**

#### **The Environment Protection Act, 1986**

The purpose of the Environment Protection Act ("Environment Protection Act") is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to (a) prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

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

The Air (Prevention and Control of Pollution) Act, 1981 ("Air Act") was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Air Act has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Air Act, if a person intends to commence an industrial plant in a pollution control area.

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

The Water (Prevention and Control of Pollution) Act, 1974 ("Water Act") was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Water Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Water Act.

#### **Hazardous Waste (Management and Handling) Rules, 1989**

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

### **Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016**

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (“Hazardous Wastes Rules”) (and the amendments thereof) impose an obligation on every occupier of an establishment generating hazardous waste to recycle or reprocess or reuse such wastes in a registered recycler or to dispose of such hazardous wastes in an authorized disposal facility. Every person engaged, inter alia, in the generation, processing, treatment, package, storage and destruction of hazardous waste is required to obtain an authorization from the relevant state pollution control board for collecting, recycling, reprocessing, disposing, storing and treating the hazardous waste.

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

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

### **National Environmental Policy, 2006**

This Policy seeks to extend the coverage, and fill in gaps that still exist, in light of present knowledge and accumulated experience. This policy was prepared through an intensive process of consultation within the Government and inputs from experts. It does not displace, but builds on the earlier policies. It is a statement of India's commitment to making a positive contribution to international efforts. This is a response to our national commitment to a clean environment, mandated in the Constitution in Articles 48 A and 51 A (g), strengthened by judicial interpretation of Article 21. The dominant theme of this policy is that while conservation of environmental resources is necessary to secure livelihoods and well-being of all, the most secure basis for conservation is to ensure that people dependent on particular resources obtain better livelihoods from the fact of conservation, than from degradation of the resource. Following are the objectives of the National Environmental Policy:

- Conservation of Critical Environmental Resources
- Intra-generational Equity: Livelihood Security for the Poor
- Inter-generational Equity
- Integration of Environmental Concerns in Economic and Social Development
- Efficiency in Environmental Resource Use
- Environmental Governance
- Enhancement of resources for Environmental Conservation

### **INTELLECTUAL PROPERTY LEGISLATIONS**

In general, the Intellectual Property Rights includes but is not limited to the following enactments:

- The Patents Act, 1970
- Indian Copyright Act, 1957
- The Trade Marks Act, 1999
- Design Act, 2000



### **Indian Patents Act, 1970**

A patent is an intellectual property right relating to inventions and is the grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling, importing the patented product or process producing that product. The term invention means a new product or process involving an inventive step capable of industrial application.

### **The Copyright Act, 1957**

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

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

The Trade Marks Act, 1999 provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. The TM Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

### **Designs Act, 2000**

The Design Act, 2000 came into force in May 2001 to consolidate and amend the law relating to protection of designs. A design refers to the features of shape, configuration, pattern, ornamentation or composition of lines or colours applied to any article, in two or three dimensional or both forms. In order to register a design, it must be new and original and must not be disclosed to the public anywhere in India or any other country by publication in tangible form or in any other way prior to the filing date. A design should be significantly distinguishable from known designs or combination of known designs in order for it to be registerable. A registered design is valid for a period of 10 years after which can be renewed for a second period of 5 years, before the expiration of the original period of 10 years. After such period the design is made available to the public by placing it in the public domain.

### **GENERAL LAWS**

- Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Indian Contract Act 1872, Specific Relief Act 1963, Negotiable Instrument Act 1881, The Information Technology Act, 2000, Sale of Goods Act 1930 and Consumer Protection Act 1986 are also applicable to the Company.

### **OTHER LAWS**

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

The Development and Regulation of foreign trade by facilitating imports and exports from and to India. The Import-Export Code number and licence to import or export includes a customs clearance permit and any other permission issued or granted under this act. The Export and Import policy, provision for development and regulation of foreign trade shall be made by the Central Government by publishing an order. The Central Government may also appoint Director General of Foreign Trade (“DGFT”) for the purpose of Export-Import Policy formulation.

If any person makes any contravention to any law or commits economic offence or imports/exports in a manner prejudicial to the trade relations of India or to the interest of other person engaged in imports or exports then there shall be no Import Export Code number granted by Director-General to such person and if in case granted shall stand cancelled or suspended. Provision of search and seizure of Code of Criminal Procedure, 1973 shall apply to every search and seizure made under this Act. In case of appeals in a case the order made by the



appellate authority shall be considered to be final. The powers of the civil court under Code of Civil Procedure, 1908 shall vest in him.

The EXIM Policy is a set of guidelines and instructions established by the DGFT in matters related to the export and import of goods in India. This policy is regulated under the said act. DGFT is the main governing body in matters related to the EXIM Policy. The Act shall provide development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce).

### **Foreign Exchange Management Act, 1999**

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. FEMA aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom this Act applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

### **FEMA Regulations**

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, 2017 ("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 for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry, Government of India

### **The Foreign Direct Investment**

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("FDI") through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), has issued consolidated FDI Policy Circular of 2017("FDI Policy 2017"), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India ("RBI") also issues Master Directions Foreign Investment in India and updates at the same from time to time. Presently, FDI in India is being governed by Master Directions on Foreign Investment No. RBI/FED/2017-18/60 FED Master Direction No. 11/2017-18 dated January 4, 2018, as updated from time to time by RBI. In terms of the Master Directions, an Indian Company may issue fresh shares to people resident outside India (who is 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 Directions. 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 the filing of Form FC-GPR.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. In case of investment in sectors through Government Route approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2017 has to be obtained by the Company.

## OUR HISTORY AND CERTAIN CORPORATE MATTERS

### BRIEF HISTORY OF OUR COMPANY

Our Company was originally incorporated as “Par Drugs and Chemicals Private Limited” at Bhavnagar, Gujarat as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated February 26, 1999 bearing Registration Number 04-35512 of 1998-99 issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. Subsequently, our Company was converted into a Public Limited Company pursuant to special resolution passed by the members in Extra-ordinary General Meeting of our Company held on October 24, 2018 and the name of our Company was changed to “Par Drugs and Chemicals Limited” and a fresh certificate of incorporation consequent upon Conversion of Private Company to Public Limited dated November 5, 2018 was issued by the Registrar of Companies, Ahmedabad. The Corporate Identification Number of our Company is U24117GJ1999PLC035512.

Vallabhbhai Savani and Sarita Savani were initial subscribers to the Memorandum of Association of our Company.

The Promoters of our Company are Jignesh Vallabhbhai Savani and Falgun Vallabhbhai Savani. The Jignesh Vallabhbhai Savani and Falgun Vallabhbhai Savani have first shares on April 19, 2006 through allotment of shares by Company. For further details, please refer to the chapter titled, “*Capital Structure*” beginning on page 64 of this Prospectus.

### CHANGES IN REGISTERED OFFICE OF OUR COMPANY

Our Company’s Registered Office is currently situated 805, Dwarkesh Complex, R.C. Dutt Road, Alkapuri, Vadodara—390 007, Gujarat, India. The details of changes in the address of our Registered Office since incorporation are set forth below:

Date	From	To	Reasons
June 17, 2013	42-B, Falgun Takhteshwar Plot, Satyanarayan Road, Bhavnagar – 364 002, Gujarat, India	805, Dwarkesh Complex, R.C. Dutt Road, Alkapuri, Vadodara – 390 007, Gujarat, India	Administrative convenience

Except as disclosed above, there has been no change in the Registered Office of the Company since its incorporation

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

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

Year	Particulars
1999	Incorporated as a Private Limited Company with the name ‘Par Drugs and Chemicals Private Limited’
1999	Acquisition of the ongoing business of the M/s. Par In Organic
2018	Conversion of the Company from Private Limited to Public Limited

### MAIN OBJECTS OF OUR COMPANY

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

1. To carry on business as manufacturers, formulators, processors, producers, makers, buyers, sellers, e-sellers, importers, exporters, distributors, suppliers, fermentators, distillers, refiners, stockist, agents, merchants, developers, consultants and dealers, in all types, forms (solid, liquid and gaseous) and all kinds of chemicals and chemical compounds (organic and inorganic) mainly Pharma Products includes Magnesium Hydroxide,

Magnesium, Trisilicate, Dried Aluminium Hydroxide Gel, Magaldrate, Light Magnesium Carbonate, Heavy Magnesium Oxide, Aluminium Magnesium Silicate, Magnesium Aluminium Silicate, Almagate, Hydrotalcite, Sucralfate, Colloidal Silicon Dioxide, Light Magnesium Oxide, Magnesium and Fine Chemicals Includes Sodium Aluminium Silicate, Magnesium Silicate, Aluminium Silicate, Precipitated Silica, Amorphous Aluminium Hydroxide.

2. To carry on India or any part of the world the business either itself and/or for others as manufacturers, manufacturer's representatives, producers, processors, refiners, dealers, factors, agents, stockists, suppliers, exporters, importers, traders, wholesalers, retailers, packers, general druggists, distributors, to markets, assemble distribute/redistribute, pack, repack, store all kinds, types, nature and description of paediatrics pharmaceutical preparations and formulations, drugs, bulk drugs, medicines, patent, drugs, common medical preparations, spirits, mixtures, powder, tablets, pills, capsules, antibiotic drugs, liquid drugs, vitamins, multi vitamins, vitamin preparations, medicine coating, contraceptives, vaccines, veterinary medicines and preparations, tinctures, injections, water for injections, ointments, lotions, triturations, globules, tonics, in the form of injectables, and transfusion solutions, compounds, syrups, granules, drops, plasters, adhesives, band-aid, bandage, inhaler, inharub, shampoo, scent, hair oil, cream, health products, mother tinctures, glucose, nourishment foods, elixirs for human and/or animals, birds, insects, consumption and application prescribed under any branch of medicine including allopathy, homeopathy, ayurved, unani, naturopathy osteopathy for oral, intra muscular, intra dermal, parental and external application under any therapy for whatever purpose such as prevention, cure, prophylactic and nourishments.

#### **AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY IN LAST TEN YEARS**

Set out below are the amendments to the Memorandum of Association of our Company in last ten years from the date of filing of this Prospectus:

<b>Date of Shareholder's Approval</b>	<b>Amendment</b>
April 18, 2006	Amendment in Clause V of MOA pursuant to increase in Authorized Share Capital of the Company from ₹ 1,00,00,000 consisting 10,00,000 Equity Shares of ₹ 10/- each to ₹ 1,50,00,000 consisting 15,00,000 Equity Shares of ₹ 10/- each
May 23, 2011	Amendment in Clause V of MOA pursuant to increase in Authorized Share Capital of the Company from ₹ 1,50,00,000 consisting 15,00,000 Equity Shares of ₹ 10/- each to Rs 8,75,00,000 consisting of 30,00,000 Equity Shares of ₹ 10/- each and 57,50,000 0.001% Convertible Non- Cumulative Redeemable Preference shares ₹ 10/- each.
October 24, 2018	<p>Amendment in Clause I of MOA pursuant to conversion of Company from Private Limited to Public Limited and the name of the Company was changed from "<i>Par Drugs and Chemicals Private Limited</i>" to "<i>Par Drugs and Chemicals Limited</i>"</p> <p>Amendment in Clause III of MOA pursuant to following change in Object Clause of the Memorandum of Association of the Company* -</p> <ol style="list-style-type: none"> <li>1. The Sub-Clause 1 of Clause III [A] of MOA of the Company was replaced with the new Sub-Clause 1;</li> <li>2. Deletion of the Sub-Clause III [C] of MOA of the Company.</li> </ol>
March 9, 2019	Amendment in clause V of MOA pursuant to Re-classification of Authorized Share Capital of the Company from Rs 8,75,00,000 consisting of 30,00,000 Equity Shares of ₹ 10/- each and 57,50,000 0.001% Convertible Non- Cumulative Redeemable Preference shares ₹ 10/- each to ₹ 8,75,00,000 consisting of 87,50,000 Equity Shares of ₹ 10/- each

\* Certificate of Registration of the Special Resolution Confirming Alteration of Object Clause received on November 02, 2018

#### **HOLDING/SUBSIDIARY COMPANY**

Our Company has no holding and/or subsidiary Company as on this date of filing of this Prospectus.

#### **JOINT VENTURES OF OUR COMPANY**

Our Company has not entered into any Joint Venture as on date of filing of this Prospectus.

#### **REVALUATION OF ASSETS**

There has been no revaluation of assets of our Company in last 10 years from the date of this Prospectus.

#### **MERGERS AND ACQUISITIONS IN LAST 10 YEARS**

Our Company has not merged / amalgamated itself nor has acquired any business / undertaking, in the last ten years from the date of this Prospectus.

#### **DIVESTMENT OF BUSINESS / UNDERTAKING BY COMPANY**

Our Company has not divested any of its business / undertaking in last 10 years from the date of this Prospectus.

#### **SHAREHOLDER'S AGREEMENTS AND OTHER AGREEMENTS**

Our Company has not entered into any Shareholder's Agreements and other agreements prior to the date of this Prospectus.

#### **OTHER MATERIAL AGREEMENTS**

There are no material agreements or contracts which have been entered into by our Company prior to the date of this Prospectus which are not in the ordinary course of business.

#### **TIME AND COST OVERRUNS IN SETTING UP PROJECTS**

As on the date of this Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

#### **STRATEGIC PARTNERS**

As on the date of filing of this Prospectus, our Company does not have any strategic partner.

#### **FINANCIAL PARTNERS**

Apart from the various arrangements with bankers and financial institutions which our Company undertake in the ordinary course of business, our Company does not have any other financial partners as on the date of this Prospectus.

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

As on the date of this Prospectus, there have been no defaults or rescheduling of borrowings with any financial institutions / banks.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

Under our Articles of Association, Our Company is required to have not less than 3 (Three) directors and not more than 15 (Fifteen) directors, subject to the applicable provisions of the Companies Act. Our Company currently have 8 (Eight) directors on our Board, including 3 (Three) Executive Directors, 5 (Five) Non-Executive Director out of which 3 (Three) are Independent Directors. Our Board also has 4 (Four) Women Director(s).

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

Sr. No.	Name, DIN, Date of Birth, Designation, Address, Occupation, Term, and Nationality	Age (Years)	Other Directorship
1.	<b>Name:</b> Falgun Vallabhnbhai Savani <b>DIN:</b> 00198236 <b>Date of Birth:</b> September 24, 1974 <b>Designation:</b> Chairman and Managing Director <b>Address:</b> 13, Spring View Residency, Near Bright Day School, Vasna Bhayli Road, Bhayli Vadodara-391410, Gujarat India <b>Occupation:</b> Business <b>Term:</b> 5 Years w.e.f. November 26, 2018 and liable to retire by rotation <b>Nationality:</b> Indian	44	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil
2.	<b>Name:</b> Jignesh Vallabhnbhai Savani <b>DIN:</b> 00198203 <b>Date of Birth:</b> December 15, 1977 <b>Designation:</b> CEO and Executive Director <b>Address:</b> Falgun, 42/B, Takhteshwar Plot, Waghavadi Road, Bhavnagar 364001, Gujarat India <b>Occupation:</b> Business <b>Term:</b> 5 Years w.e.f. November 26, 2018 and liable to retire by rotation <b>Nationality:</b> Indian	41	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil
3.	<b>Name:</b> Ghanshayambhai Bhagvanbhai Savani <b>DIN:</b> 03055941 <b>Date of Birth:</b> August 01, 1970 <b>Designation:</b> Whole Time Director <b>Address:</b> 203, Siddhgiri Flat, Chitranjan Chowk, Vidyanagar, Bhavnagar 364001 Gujarat India <b>Occupation:</b> Business <b>Term:</b> 5 Years w.e.f. November 26, 2018 and liable to retire by rotation <b>Nationality:</b> Indian	48	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil
4.	<b>Name:</b> Nayna Jignesh Savani <b>DIN:</b> 00198189	40	<b>Public Limited Company</b> Nil



	<b>Date of Birth:</b> November 03, 1978 <b>Designation:</b> Non- Executive Director <b>Address:</b> Falgun, 42/B, Takhteshwar Plot, Waghawadi Road, Bhavnagar 364001, Gujarat India <b>Occupation:</b> Business <b>Term:</b> Liable to retire by rotation <b>Nationality:</b> Indian		<b>Private Limited Company</b> Nil
5.	<b>Name:</b> Shilpa Falgunbhai Savani <b>DIN:</b> 00198250 <b>Date of Birth:</b> August 19, 1979 <b>Designation:</b> Non- Executive Director <b>Address:</b> 13, Spring View Residency, Near Bright Day School, Vasna Bhayli Road, Bhayli Vadodara-391410 Gujarat India <b>Occupation:</b> Business <b>Term:</b> Liable to retire by rotation <b>Nationality:</b> Indian	39	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil
6.	<b>Name:</b> Kajal Chintanbhai Vaghani <b>DIN:</b> 08317641 <b>Date of Birth:</b> November 8, 1979 <b>Designation:</b> Independent Director <b>Address:</b> Plot No. 73, Sardar Patel Society, Near Jewels Circle, Bortalav, Bhavnagar-364003, Gujarat India <b>Occupation:</b> Business <b>Term:</b> 5 Years w.e.f. January 17, 2019 <b>Nationality:</b> Indian	39	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil
7.	<b>Name:</b> Krishna Mitulbhai Shah <b>DIN:</b> 08317678 <b>Date Of Birth:</b> July 21, 1979 <b>Designation:</b> Independent Director <b>Address:</b> Plot No. 1868/B, Visarg, Near Gopal Nursing Home, Atabhai Chowk, Bhavnagar-364001, Gujarat India <b>Occupation:</b> Business <b>Term:</b> 5 Years w.e.f. January 17, 2019 <b>Nationality:</b> Indian	39	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil
8.	<b>Name:</b> Pravin Manjibhai Bhayani <b>DIN:</b> 08332851 <b>Date of Birth:</b> September 22, 1971 <b>Designation:</b> Independent Director <b>Address:</b> Plot No. 39, Vrundavan Society, Near Kaliyabid Water Tank, Waghawadi Road , Bhavnagar 364001 Gujarat India	48	<b>Public Limited Company</b> Nil  <b>Private Limited Company</b> Nil

	<b>Occupation:</b> Business <b>Term:</b> 5 Years w.e.f. January 17, 2019 <b>Nationality:</b> Indian		
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## BRIEF BIOGRAPHIES OF OUR DIRECTORS

### Falgun Vallabhbhai Savani

Falgun Vallabhbhai Savani, aged 44 years, is the Promoter, Chairman and Managing Director of our Company. He has been the Director of our Company since inception and was subsequently designated as Chairman and Managing Director of the Company w.e.f. November 26, 2018. He holds Bachelor's degree in Pharmacy from B. K. Modi Government Pharmacy Collage, Rajkot affiliated with Saurashtra University. He has 18 years of experience in API Industry. He is playing vital role in formulating business strategies and effective implementation of the same. He is responsible for expansion and overall management of the business of our Company. His leadership abilities have been instrumental in leading the core team of our Company.

### Jignesh Vallabhbhai Savani

Jignesh Vallabhbhai Savani, aged 41 years, is Promoter, CEO and Executive Director of our Company. He has been the Director of our Company since inception and was subsequently designated as CEO of our Company w.e.f. November 26, 2018. He has completed Matriculation education from Gujarat Secondary Education Board. He has 17 years of experience in the API Industry. He has been actively involved in the day-to-day operations of our Company and looks after the sales, administration and finance department of our Company.

### Ghanshayambhai Bhagvanbhai Savani

Ghanshayambhai Bhagvanbhai Savani, aged 48 years, is a Whole- Time Director of Company. He was originally appointed as Additional Director of the Company on April 01, 2012 and regularised as Director of the Company on September 14, 2012 and designated as Whole- Time Director of the Company w.e.f. November 26, 2018. He is an under Matriculate. He is actively engaged in Production Activity of the Company. He has 28 years of experience in the API Industry. His expertise and business acumen helped in the sustainable growth of the Company.

### Shilpa Falgunbhai Savani

Shilpa Falgunbhai Savani, aged 39 years, is a Non- Executive Director of our Company. She was originally appointed as Additional Director of the Company on February 02, 2018 and regularized as Non-Executive Director of the Company on September 29, 2018. She holds Bachelor's degree in Science from P. P. Institute of Science Collage, Bhavnagar, affiliated with Bhavnagar University.

### Nayna Jignesh Savani

Nayna Jignesh Savani, aged 40 years, is a Non- Executive Director of our Company. She was originally appointed as Additional Director of the Company on February 02, 2018 and regularized as Non-Executive Director of the Company on September 29, 2018. She holds Bachelor degree in Commerce from Bosamiya Arts & Commerce Collage, Jetpur, affiliated with Saurashtra University.

### Kajal Chintanbhai Vaghani, Independent Director

Kajal Chintanbhai Vaghani, aged 39 years, is an Independent Director of our Company. She was originally appointed as Additional Independent Director of the Company on January 17, 2019 and regularized as Independent Director of the Company on February 09, 2019. She holds a Bachelor's degree in Commerce from the Shreemati Nathibai Damodar Thackersey Women's University, Mumbai. She has an experience of about 15 years in Automobiles Industry.

### Krishna Mitulbhai Shah, Independent Director

Krishna Mitulbhai Shah, aged 39 years, is an Independent Director of our Company. She was originally appointed as Additional Independent Director of the Company on January 17, 2019 and regularized as Independent Director of the Company on February 09, 2019. She holds a Bachelor's degree in Commerce from the Shreemati Nathibai Damodar Thackersey Women's University, Mumbai.

### Pravin Manjibhai Bhayani, Independent Director

Pravin Manjibhai Bhayani, aged 48 years, is an Independent Director of our Company. He was originally appointed as Additional Independent Director of the Company on January 17, 2019 and regularized as Independent Director of the Company on February 09, 2019. He is a Qualified Chartered Accountant and a Fellow Member of The Institute of Chartered Accountants of India and also holds Certificate of Practice of The Institute of Chartered Accountants of India. He completed his Third year Examination commerce stream from Gujarat University. He also holds Post Qualification degree in Information System Audit i.e. ISA from ICAI. He has 20 years of vast experience in the field of Audit, Accounts and Finance.

### CONFIRMATIONS

As on the date of this Prospectus:

1. Except as stated below; none of the Directors of the Company are related to each other as per section 2(77) of the Companies Act, 2013

Name of the Director	Name of the Other Director	Relation
Falgun Vallabhbhai Savani	Jignesh Vallabhbhai Savani	Brother
	Shilpa Falgunbhai Savani	Spouse
Jignesh Vallabhbhai Savani	Nayna Jignesh Savani	Spouse

2. There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or member of the senior management.
3. The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
4. None of our Directors are on the RBI List of wilful defaulters.
5. None of our Directors are or were directors of any Company whose shares were (a) suspended from trading by stock exchange(s) or (b) delisted from the stock exchanges.
6. None of the Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other Company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

### REMUNERATION/COMPENSATION/COMMISSION PAID TO DIRECTORS

#### i. Terms and conditions of employment of our Managing Director, Falgun Vallabhbhai Savani

Falgun Vallabhbhai Savani has been appointed as the Managing Director of our Company for a period of 5 years w.e.f. November 26, 2018. He is paid remuneration as per the terms and conditions mentioned in the agreement dated December 18, 2018 entered into between Falgun Vallabhbhai Savani and our Company.

<b>Remuneration</b>	₹ 43.00 Lakhs per annum Salary may be revised periodically based on the recommendation of the Board of Directors or Nomination and Remuneration Committee, if any and may be increased upto ₹ 60.00 Lakhs per annum subject to the provisions of the Act.
<b>Perquisites</b>	<ol style="list-style-type: none"> <li>a) Provident Fund, ESI or Gratuity as per the applicable act</li> <li>b) Encashment of leave at the end of tenure.</li> <li>c) Car with driver: The Managing Director will be provided with a car and driver for use on Company's business. Use of car for private purpose will be billed by the Company.</li> </ol>

	<ul style="list-style-type: none"> <li>d) The Company shall reimburse actual entertainment and traveling expenses incurred by the Managing Director in connection with the Company's business.</li> <li>e) Housing: Furnished/ unfurnished residential accommodation or House Rent, House Maintenance and Utility Allowance as per Companies rules.</li> <li>f) Medical Reimbursement: as per Companies rules</li> <li>g) Leave Travel Concession: as per Companies rules</li> <li>h) Personal Accident Insurance: as per Companies rules</li> <li>i) Club Fees: Fees payable subject to maximum one club</li> <li>j) Sitting fees at the rate of ₹ 1,000/- per meeting of Board and committees.</li> </ul>
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**ii. Terms and conditions of employment of our Whole Time Director, Ghanshayambhai Bhagvanbhai Savani**

Ghanshayambhai Bhagvanbhai Savani has been appointed as Whole Time Director of our Company for a period of 5 years w.e.f. November 26, 2018. He is paid remuneration as per the terms and conditions mentioned in the agreement dated December 18, 2018, entered into between Ghanshayambhai Bhagvanbhai Savani and our Company.

<b>Remuneration</b>	<p>₹ 43.00 Lakhs per annum</p> <p>Salary may be revised periodically based on the recommendation of the Board of Directors or Nomination and Remuneration Committee, if any and may be increased upto ₹ 60.00 Lakhs per annum subject to the provisions of the Act.</p>
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>a) Provident Fund, ESI or Gratuity as per the applicable act</li> <li>b) Encashment of leave at the end of tenure.</li> <li>c) Car with driver: The Whole Time Director will be provided with a car and driver for use on Company's business. Use of car for private purpose will be billed by the Company.</li> <li>d) The Company shall reimburse actual entertainment and traveling expenses incurred by the Whole Time Director in connection with the Company's business.</li> <li>e) Housing: Furnished/ unfurnished residential accommodation or House Rent, House Maintenance and Utility Allowance as per Companies rules.</li> <li>f) Medical Reimbursement: as per Companies rules</li> <li>g) Leave Travel Concession: as per Companies rules</li> <li>h) Personal Accident Insurance: as per Companies rules</li> <li>i) Club Fees: Fees payable subject to maximum one club</li> <li>j) Sitting fees at the rate of ₹ 1,000/- per meeting of Board and committees.</li> </ul>

**iii. Terms and conditions of employment of our CEO and Executive Director, Jignesh Vallabhbhai Savani**

Jignesh Vallabhbhai Savani has been appointed as Executive Director of our Company since inception and designated as CEO of the Company for a period of 5 years w.e.f. November 26, 2018. He is paid remuneration as per the terms and conditions mentioned in the agreement dated December 18, 2018, entered into between Jignesh Vallabhbhai Savani and our Company.

<b>Remuneration</b>	<p>₹ 43.00 Lakhs per annum</p> <p>Salary may be revised periodically based on the recommendation of the Board of Directors or Nomination and Remuneration Committee, if any and may be increased upto ₹ 60.00 Lakhs per annum subject to the provisions of the Act.</p>
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<b>Perquisites</b>	<ul style="list-style-type: none"> <li>a) Provident Fund, ESI or Gratuity as per the applicable act</li> <li>b) Encashment of leave at the end of tenure.</li> <li>c) Car with driver: The Director will be provided with a car and driver for use on Company's business. Use of car for private purpose will be billed by the Company.</li> <li>d) The Company shall reimburse actual entertainment and traveling expenses incurred by the Director in connection with the Company's business.</li> <li>e) Housing: Furnished/ unfurnished residential accommodation or House Rent, House Maintenance and Utility Allowance as per Companies rules.</li> <li>f) Medical Reimbursement: as per Companies rules</li> <li>g) Leave Travel Concession: as per Companies rules</li> <li>h) Personal Accident Insurance: as per Companies rules</li> <li>i) Club Fees: Fees payable subject to maximum one club</li> <li>j) Sitting fees at the rate of ₹ 1,000/- per meeting of Board and committees.</li> </ul>
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### Terms and conditions of our Non-Executive and Independent Directors

Non-Executive and Independent Directors of our Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and other applicable laws and regulations.

### Remuneration details of our Directors

#### (i) Remuneration of our Executive Directors

The aggregate value of the remuneration paid to the Executive Directors in Fiscal 2019 is as follows:

Sr. No.	Name of the Director	Remuneration (₹ in Lakhs)
1.	Falgun Vallabhbhai Savani	36.46
2.	Jignesh Vallabhbhai Savani	36.46
3.	Ghanshayambhai Bhagvanbhai Savani	36.46
4.	Vallabhbhai Jivabhai Savani*	31.03

\* Vallabhbhai Jivabhai Savani has resigned from directorship w.e.f. December 20, 2018.

#### (ii) Remuneration details of our Non- Executive Director and Independent Directors

Our Non-Executive Director is not entitled to receive any remunerations from our Company and has not been paid any remuneration during Fiscal 2019.

#### (iii) Sitting Fees

The aggregate value of the sitting fees paid to the Directors in Fiscal 2019 is as follows:

Sr. No.	Name of the Director	Total amount of sitting fees paid (₹)
1.	Falgun Vallabhbhai Savani	3,000
2.	Jignesh Vallabhbhai Savani	2,000
3.	Ghanshayambhai Bhagvanbhai Savani	2,000
4.	Nayna Jignesh Savani	2,000
5.	Shilpa Falgunbhai Savani	2,000

Sr. No.	Name of the Director	Total amount of sitting fees paid (₹)
6.	Kajal Chintanbhai Vaghani	3,000
7.	Krishna Mitulbhai Shah	2,000
8.	Pravin Manjibhai Bhayani	3,000

(iv) *Commission*

As on date of this Prospectus, no commission has been paid to the Directors of the company.

## SHAREHOLDING OF DIRECTORS IN OUR COMPANY

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

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

Sr. No.	Name of the Director	No. of Equity Shares	% of Pre Issue Equity Share Capital	% of Post Issue Equity Share Capital
1.	Jignesh Vallabhbhai Savani	13,30,220	29.69	21.62
2.	Falgun Vallabhbhai Savani	13,06,976	29.17	21.24
3.	Ghanshayambhai Bhagvanbhai Savani	3,62,642	8.09	5.89
4.	Nayna Jignesh Savani	90,692	2.02	1.47
5.	Shilpa Falgunbhai Savani	87,686	1.96	1.43

## INTERESTS OF OUR DIRECTORS

### Interest in Promotion of the Company

Our Directors, Falgun Vallabhbhai Savani and Jignesh Vallabhbhai Savani, may be deemed to be interested to the extent of being Promoters of our Company. They may also be deemed to be interested to the extent of any dividend payable to him and other distributions in respect of the Equity Shares held by them. For further details, refer to chapters titled “*Our Promoter and Promoter Group*” and “*Related Party Transaction*” beginning on page 160 and 166 of this Prospectus.

### Interest in the property of our Company

Except as mentioned in the chapter titled “*Our Business*” on page 113 of this Prospectus, our Directors do not have any other interest in any property acquired by our Company in a period of two years before filing of this Prospectus or proposed to be acquired by us as on date of filing of this Prospectus.

### Interest as member of our Company

As on date of this Prospectus, our Directors together holds 31,78,216 Equity Shares in our Company i.e. 70.94 % of the pre - issue paid up equity share capital of our Company. Therefore, our Directors are interested to the extent of their respective shareholding and the dividend declared and other distributions, if any, by our Company.

### Interest as a Creditor of our Company

As on the date of this Prospectus, except as stated in the chapter titled “*Financial Indebtedness*” and Annexure 184 titled “*Related Party Transactions*” under chapter titled “*Financial Statements as Restated*” our Company has not availed loans from Directors of our Company.

### Interest as Director of our Company

Except as stated above and in the chapters titled “*Financial Statements as Restated*” and “*Capital Structure*” beginning on pages 166 and 64 respectively of this Prospectus our Directors, may deemed to be interested to



the extent of remuneration, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreements entered into with our Company, if any and AOA of our Company.

### **Interest as Key Managerial Personnel of our Company**

Falgun Vallabhbhai Savani Managing Director, Jignesh Vallabhbhai Savani CEO, Ghanshayambhai Bhagvanbhai Savani Whole Time Director of our Company are the Key Managerial Personnel of the Company and may be deemed to be interested to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreement entered into with our Company, if any and AOA of our Company and to the extent of Equity Shares held by them in our Company. They may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares. Other than as disclosed above, no other Director is interested as Key Managerial Personnel of the Company. For further details, please refer to heading titled “*Related Party Transactions*” under chapter titled “*Financial Statements as Restated*” beginning on page 166 of this Prospectus.

### **Interest in transactions involving acquisition of land**

Except as stated/referred to under the heading titled “*Land and Property*” under chapter titled “*Our Business*” beginning on page 125 of this Prospectus, our Directors are not currently interested in any transaction with our Company involving acquisition of land. Our Directors have not entered into any contract, agreement or arrangements in relation to acquisition of property, since incorporation in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

### **Other Indirect Interest**

Except as stated in chapter titled “*Financial Statements as Restated*” beginning on page 166 of this Prospectus, none of our sundry debtors or beneficiaries of loans and advances are related to our Directors.

### **Interest in the Business of Our Company**

Except as stated in “*Related Party Transactions*” in the chapter titled “*Financial Statements as Restated*” beginning on page 166 of this Prospectus, our Directors do not have any other interests in our Company as on the date of this Prospectus.

## **SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES**

Our Company does not have any subsidiary or Associate Company as on date of filing this Prospectus.

## **CHANGES IN OUR BOARD DURING THE LAST THREE YEARS**

Following are the changes in directors of our Company in last three years prior to the date of this Prospectus:

<b>Name</b>	<b>Date of event</b>	<b>Nature of event</b>
Falgun Vallabhbhai Savani	November 26, 2018	Designated as Chairman and Managing Director
Ghanshayambhai Bhagvanbhai Savani	November 26, 2018	Designated as Whole Time Director
Jignesh Vallabhbhai Savani	November 26, 2018	Designated as CEO
Shilpa Falgunbhai Savani	February 02, 2018	Appointed as Additional Director
Nayna Jignesh Savani	February 02, 2018	Appointed as Additional Director
Shilpa Falgunbhai Savani	September 29, 2018	Regularized as Non-Executive Director
Nayna Jignesh Savani	September 29, 2018	Regularized as Non-Executive Director
Kajal Chintanbhai Vaghani	January 17, 2019	Appointed as Additional Independent Director

Name	Date of event	Nature of event
Krishna Mitulbhai Shah	January 17, 2019	Appointed as Additional Independent Director
Pravin Bhayani Manjibhai	January 17, 2019	Appointed as Additional Independent Director
Kajal Chintanbhai Vaghani	February 09, 2019	Regularized as Independent Director
Krishna Mitulbhai Shah	February 09, 2019	Regularized as Independent Director
Pravin Manjibhai Bhayani	February 09, 2019	Regularized as Independent Director

## **BORROWING POWERS OF THE BOARD**

Pursuant to a special resolution passed at an Extra-Ordinary General Meeting of our Company held on March 09, 2019 and pursuant to Section 180(1)(c) and any other applicable provisions, of the Companies Act, 2013 and the rules made thereunder, consent of Members be and is hereby accorded to borrow from time to time, any sum or sums of monies, 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 the aggregate of the paid up capital of the Company and free reserve, that is to say, reserves not set apart for any specific purposes, provided that the total outstanding amount so borrowed, shall not at any time exceed the limit of ₹ 9000 Lakhs.

## **CORPORATE GOVERNANCE**

The requirements pertaining to the composition of the Board of Directors as per Section 149 of Companies Act, 2013 and constitution of the Committees such as the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee as per Sections 177, 178, of the Companies Act, 2013, respectively, shall be applicable to our Company on listing of the equity shares of the Company on EMERGE Platform of National Stock Exchange of India Limited and shall be complied with prior to listing.

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Currently our Board has eight directors out of which three are Independent Directors. Our Company is in compliance with the corporate governance norms prescribed under the Companies Act, 2013, particularly, in relation to appointment of Independent Directors to our Board and constitution of Board-level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations, the Listing Agreements and the Companies Act, 2013 to the extent applicable.

### **The following committees have been formed in compliance with the corporate governance norms:**

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

### **A) AUDIT COMMITTEE**

Our Company has constituted an audit committee ("Audit Committee"), as per section 177 of the Companies Act 2013 vide resolution passed in the meeting of the Board of Directors dated February 27, 2019. The constituted Audit Committee comprises following members:

Name of the Director	Status	Nature of Directorship
Pravin Manjibhai Bhayani	Chairman	Independent Director
Kajal Chintanbhai Vaghani	Member	Independent Director
Falgun Vallabhbbhai Savani	Member	Managing Director

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Audit Committee.

The Audit Committee shall have following powers/responsibilities:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice, and
- To secure attendance of outsiders with relevant expertise if it considers necessary

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal Audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the Audit committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The role of the Audit Committee not limited to but includes:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- 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;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Approving initial or any subsequent modification of transactions of the Company with related parties;
- Scrutinizing inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 314 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices along with 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; and
  - g) Qualifications in the draft 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/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  12. Reviewing, with the management, performance of statutory and internal auditors, and 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. Discussing with the 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. Discussing with the 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. Looking 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. Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;
  19. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  20. Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and
  21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

**Meeting of Audit Committee and relevant Quorum:** The committee shall meet at least four times in a year and not more than four months shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting. Meeting of the Audit Committee shall be called by at least seven days' notice in advance.

**Tenure:** The Audit Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

## **B) STAKEHOLDER'S RELATIONSHIP COMMITTEE**

Our Company has constituted a shareholder / investors grievance committee ("*Stakeholders' Relationship Committee*") to redress complaints of the shareholders. The Stakeholders Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on February 27, 2019.

The Stakeholder's Relationship Committee comprises the following Directors:

Name of the Director	Status	Nature of Directorship
Pravin Manjibhai Bhayani	Chairman	Independent Director
Krishna Mitulbhai Shah	Member	Independent Director
Jignesh Vallabhbbhai Savani	Member	Director & CEO

The Company Secretary of our Company shall act as a Secretary to the Stakeholder's Relationship Committee.

The scope and function of the Stakeholder's Relationship Committee and its terms of reference shall include the following:

**Tenure:** The Stakeholder/ Investor Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholder / Investor Relationship Committee as approved by the Board.

**Meetings:** The Stakeholder/ Investor Relationship Committee shall meet at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher

**Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:

- 1) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- 2) Redressal of security holder's/investor's complaints Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- 3) Reviewing on a periodic basis the approval/refusal of transfer or transmission of shares, debentures or any other securities;
- 4) Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- 5) Allotment and listing of shares;
- 6) Reference to statutory and regulatory authorities regarding investor grievances; and
- 7) To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- 8) Any other power specifically assigned by the Board of Directors of the Company

### C) NOMINATION AND REMUNERATION COMMITTEE

Our Company has constituted a Nomination and Remuneration Committee in accordance section 178 of Companies Act 2013. The constitution of the Nomination and Remuneration Committee was approved by a Meeting of the Board of Directors held on February 27, 2019. The said committee is comprised as under:

The Nomination and Remuneration Committee comprises the following Directors:

Name of the Director	Status	Nature of Directorship
Pravin Manjibhai Bhayani	Chairman	Independent Director
Krishna Mitulbhai Shah	Member	Independent Director
Nayna Jignesh Savani	Member	Non – Executive Director

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

**Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

**Meetings:** The committee shall meet as and when the need arise for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination and Remuneration/Compensation Committee shall be called by at least seven days' notice in advance.

The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination and Remuneration Committee shall be called by at least seven days' notice in advance.

**Terms of Reference:**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the level and composition of remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of independent directors and the Board;
3. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
4. Devising a policy on Board diversity; and
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

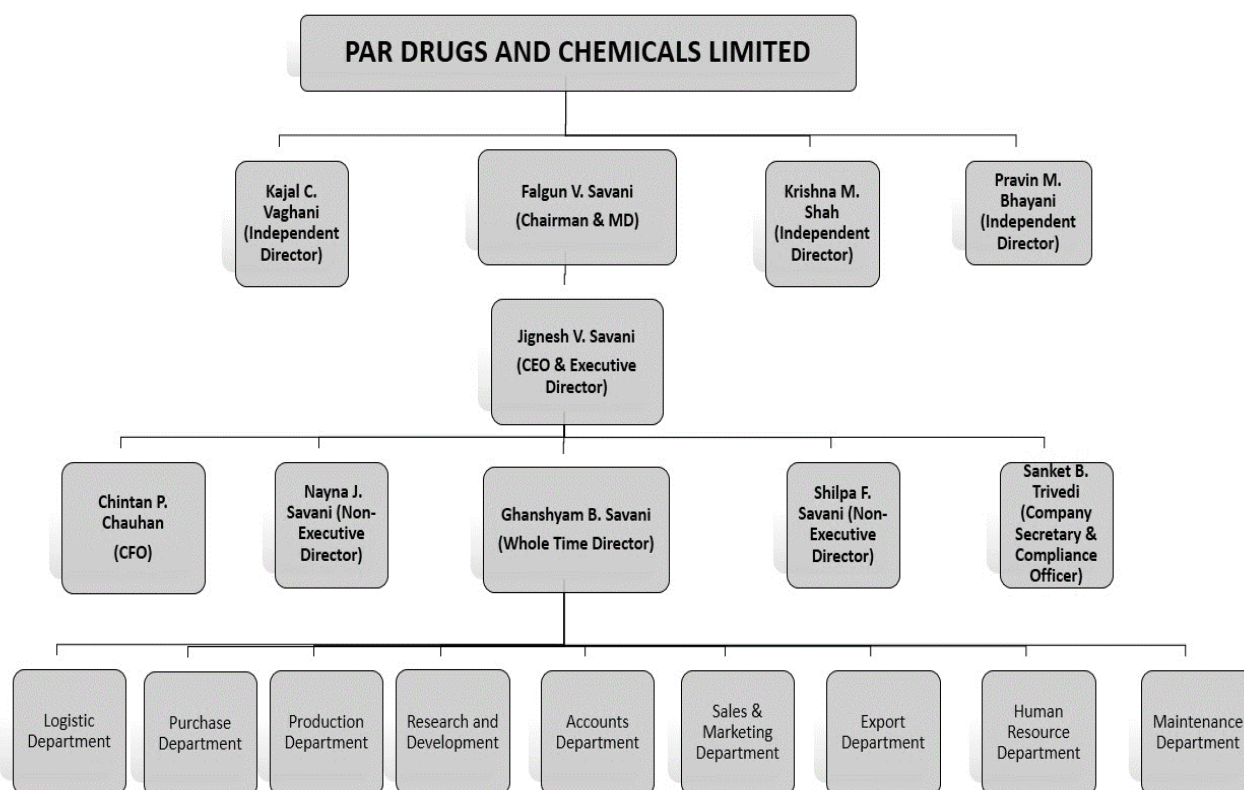
**Policy on Disclosures and Internal Procedure for Prevention of Insider Trading**

The provisions of Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on Emerge Platform of National Stock Exchange of India Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on stock exchanges.

Sanket Trivedi, Company Secretary and Compliance Officer, will be responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

**ORGANIZATIONAL STRUCTURE**





## KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company.

Set forth below are the details of our Key Management Personnel as prescribed under the Companies Act, 2013, in addition to Falgun Vallabhbbhai Savani, Managing Director, Jignesh Vallabhbbhai Savani Executive Director and CEO, Ghanshayambhai Bhagvanbhai Savani, Whole Time Director of our Company. For details of our Managing Director, Whole Time Director and CEO, see – “Brief Profile of our Directors” on page 146.

**The details of our Key Managerial Personnel are set out below:**

### Chintan Pratapbhai Chauhan

Chintan Pratapbhai Chauhan, aged 36 years, is Chief Financial Officer of the Company. He has been appointed as Chief Financial Officer of our Company w.e.f. November 26, 2018. He holds Bachelor’s degree in Commerce from M. J. College of Commerce, Bhavnagar, affiliated with Bhavnagar University. Prior to joining our Company, he has worked as Officer Accounts in Damodar Magnalji and Co. Limited for 9 years. He has an experience of about 14 years in finance field. He is responsible for handling the financial operations of the Company. In the Fiscal year 2019, he has received a remuneration of ₹ 3.31 Lakhs.

### Sanket Bhupendrabhai Trivedi

Sanket Bhupendrabhai Trivedi, aged 29 years, is Company Secretary and Compliance Officer of our Company. He has been appointed as Company Secretary and Compliance officer of our Company w.e.f. September 06, 2018. He holds a Bachelor’s degree in Commerce from B. J. Vanijya Mahavidyalaya, Vallabh Vidyanagar, affiliated with Sardar Patel University. He is a qualified Company Secretary by profession and is an associate member of the Institute of Company Secretaries of India. He has an experience of more than one year in the legal & Compliance. He is entrusted with the responsibility of handling corporate secretarial functions of our Company. In the Fiscal year 2019, he has received a remuneration of ₹ 1.52 Lakhs.

## RELATIONSHIP OF DIRECTORS WITH KEY MANAGERIAL PERSONNEL

None of the Key Managerial Personnel's are related to each other within the meaning of Section 2 (77) of the Companies Act, 2013 except as mentioned below. All of the Key Managerial Personnel are permanent employees of our Company.

Name of KMP	Name of other KMP	Relationship
Falgun Vallabhbhai Savani	Jignesh Vallabhbhai Savani	Brothers

## SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

In addition to the shareholding of our Directors as disclosed in chapter "Our Management" under the head "Shareholding of Directors of our Company" on page 151, our Key Managerial Personnel do not hold equity shares of our Company as on date of this Prospectus.

## REMUNERATION/ COMPENSATION TO KEY MANAGERIAL PERSONNEL

Except as mentioned below, no other current KMPs have received remuneration during the period ended on March 31, 2019.

Sr. No.	Name of the Director	Remuneration (₹ in Lakhs)
1.	Falgun Vallabhbhai Savani	36.46
2.	Jignesh Vallabhbhai Savani	36.46
3.	Ghanshayambhai Bhagvanbhai Savani	36.46
4.	Chintan Pratapbhai Chauhan	3.31
5.	Sanket Bhupendrabhai Trivedi	1.52

## BONUS OR PROFIT SHARING PLAN OF THE DIRECTORS/ KEY MANAGERIAL PERSONNEL

Our Company has not entered into any Bonus or Profit Sharing Plan with any of the Directors, Key Managerial Personnel.

## CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO KEY MANAGERIAL PERSONNEL

None of our Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

## LOANS TO KEY MANAGERIAL PERSONNEL

The Company has not given any loans and advances to the Key Managerial Personnel as on the date of this Prospectus.

## INTEREST OF KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company have interest in our Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any and dividends payable thereon, if any.

Except as disclosed in this Prospectus, none of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Except as stated in the heading titled "Related Party Transactions" under the Section titled "Financial Statements as Restated" beginning on page 166 of this Prospectus and described herein above, our key managerial personnel do not have any other interest in the business of our Company.

## CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

The Changes in the Key Managerial Personnel in the last three years are as follows:

Name	Designation	Date of Event	Reason
Falgun Vallabhnbhai Savani	Managing Director	November 26, 2018	Designated as Managing Director
Jignesh Vallabhnbhai Savani	CEO	November 26, 2018	Designated as CEO
Ghanshayambhai Bhagvanbhai Savani	Whole Time Director	November 26, 2018	Designated as Whole Time Director
Chintan Chauhan	Chief Financial Officer	November 26, 2018	Appointment as Chief Financial Officer
Sanket Trivedi	Company Secretary	September 06, 2018	Appointment as Company Secretary

Other than the above changes, there have been no changes to the KMP of our Company that are not in the normal cause of employment.

#### **ESOP/ESPS SCHEME TO EMPLOYEES**

As on date of this Prospectus, our Company does not have any employee stock option plan or purchase schemes for our employees.

#### **PAYMENT OR BENEFIT TO OUR OFFICERS (NON SALARY RELATED)**

Except as disclosed in the heading titled “*Related Party Transactions*” in the section titled “*Financial Statements as Restated*” beginning on page 166 of this Prospectus, no amount or benefit has been paid or given within the three preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees.

## OUR PROMOTERS AND PROMOTER GROUP

### OUR PROMOTERS

The Promoters of our Company are Falgun Vallabhbhai Savani and Jignesh Vallabhbhai Savani. As on the date of this Prospectus, our Promoters hold, in aggregate 26,37,196 Equity Shares representing 58.86% of the pre-issue paid up capital of our Company. For details of the build-up of our Promoter shareholding in our Company, see “Capital Structure – Notes to Capital Structure” on page 64 of this Prospectus.

**Brief profile of our Promoters is as under:**

	<p><b>Falgun Vallabhbhai Savani, Promoter, Chairman &amp; Managing Director</b></p> <p>Falgun Vallabhbhai Savani, aged 44 years, is the Promoter, Chairman &amp; Managing Director of our Company. He has been the Director of our Company since inception and was subsequently designated as Chairman and Managing Director of the Company w.e.f. November 26, 2018. He has completed his Bachelor of Pharmacy from B. K. Modi Government Pharmacy Collage, Rajkot affiliated with Saurashtra University. He has 18 years of experience in API Industry. He is playing vital role in formulating business strategies and effective implementation of the same. He is responsible for expansion and overall management of the business of our Company. His leadership abilities have been instrumental in leading the core team of our Company.</p> <p><b>Date of Birth :</b> September 24, 1974</p> <p><b>Nationality:</b> Indian</p> <p><b>PAN :</b> ANNPS4712R</p> <p><b>Driving License:</b> GJ04 19910014704</p> <p><b>Aadhar No. :</b> 2085 5680 8810</p> <p><b>Address:</b> 13, Spring View Residency, Near Bright Day School Vasna, Bhayli Road, Bhayli Vadodara-391410, Gujarat, India</p> <p><b>Ventures Promoted by our Promoter:</b></p> <ol style="list-style-type: none"> <li>1. Savani Falgun Vallabhbhai (HUF)</li> </ol> <p>For further details relating to Falgun Vallabhbhai Savani, including terms of appointment as our Chairman &amp; Managing Director, other directorships, education qualification, experience in the business, please refer to the chapter titled “Our Management” beginning on page 144 of this Prospectus.</p>
	<p><b>Jignesh Vallabhbhai Savani, Executive Director and CEO</b></p> <p>Jignesh Vallabhbhai Savani, aged 41 years, is Promoter, CEO and Executive Director of our Company. He has been the Director of our Company since inception and was subsequently designated as CEO of our Company w.e.f. November 26, 2018. He has completed Matriculation education from Gujarat Secondary Education Board. He has 17 years of experience in the API Industry. He has been actively involved in the day-to-day operations of our Company and looks after the sales, administration and finance department of our Company.</p> <p><b>Date of Birth :</b> December 15, 1977</p> <p><b>Nationality:</b> Indian</p> <p><b>PAN :</b> ANNPS4633D</p> <p><b>Driving License:</b> GJ04 19940000980</p>

	<b>Aadhar No. : 5732 3261 8004</b> <b>Address:</b> Falgun, 42/B, Takhteshwar Plot, Waghawadi Road, Bhavnagar - 364001, Gujarat, India. <b>Ventures Promoted by our Promoter:</b> 1. Savani Jigneshkumar Vallabhbhai (HUF) For further details relating to Jignesh Vallabhbhai Savani, including terms of appointment as our Executive Director and CEO, other directorships, education qualification, experience in the business, please refer to the chapter titled “ <i>Our Management</i> ” beginning on page 144 of this Prospectus.
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## Declaration

Our Company confirms that the Permanent Account Number, Bank Account Number, Passport Number of the individual Promoters, shall be submitted to the Stock Exchange at the time of filing of this Prospectus.

## INTEREST OF PROMOTER(S):

Our Promoter(s) is/are interested in our Company to the extent that he has/ they have promoted our Company and to the extent of his/their shareholding and the dividend receivable, if any and other distributions in respect of the equity shares held by him/them. For details regarding shareholding of our Promoter(s) in our Company, please refer “*Capital Structure*” on page 64 of this Prospectus.

Our Promoters are not interested as a member of a firm or Company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or Company in cash or otherwise by any person for services rendered by our Promoters or by such firm or Company in connection with the promotion or formation of our Company.

Some of our Promoters are also the Director of our Company and may be deemed to be interested to the extent of remuneration and/ or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the agreements entered into with our Company, if any and subject to Articles of Association of our Company. For details please refer to the chapter titled “*Our Management*”, “*Financial Statements*” and “*Capital Structure*” beginning on pages 144, 166 and 64 respectively of this Prospectus.

Except as mentioned in the chapter titled “*Our Business*” under “*Land & Property*”, our Promoter(s) do not have any other interest in any property acquired or proposed to be acquired by our Company in a period of three years before filing of this Prospectus or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

For details of related party transactions entered into by our Company during last financial year with our Promoters and Group Companies, the nature of transactions and the cumulative value of transactions, see “*Related Party Transactions*” on page no 166 of this Prospectus.

Further, our Promoter(s) has given personal guarantees, respectively, towards financial facilities availed from Bankers of our Company; therefore, are interested to the extent of the said guarantees.

Further, none of our Promoters have given material guarantees to the third parties with respect to the specified securities of the Company.

Except as stated otherwise in the chapter titled “*Related Party Transactions*” on page 166 of this Prospectus, there have been no payments or benefits to the Promoters during the two years prior to filing of this Prospectus.

## OUR PROMOTER GROUP:

Our Promoter Group in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations, 2018 is as under:

### A. Natural Persons who are part of our Promoter Group:

Relationship with Promoter	Falgun Vallabhbhai Savani	Jignesh Vallabhbhai Savani
Father	Vallabhbhai Savani	Vallabhbhai Savani



Relationship with Promoter	Falgun Vallabhbhai Savani	Jignesh Vallabhbhai Savani
Mother	Saritaben Savani	Saritaben Savani
Spouse	Shilpa Savani	Nayna Savani
Brother(s)	Jignesh Savani	Falgun Savani
Son(s)	Devansh Savani	Aayush Savani
	-	Jinen Savani
Daughter(s)	Mihika Savani	-
Spouse's Father	Shirish Padhye	Govind Tarpara
Spouse's Mother	Sudha Padhye	Dhiraj Tarpara
Spouse's Sister(s)	-	Rita Radadiya
	-	Parul Patel
	-	Vasu Padariya
	-	Poonam Patel
	-	Payal Virani
Spouse's Brothers(s)	Sameer Padhye	-

**B. Companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:**

1. Savani Vallabhdas Jivabhai (HUF)
2. Savani Falgun Vallabhbhai (HUF)
3. Savani Jigneshkumar Vallabhbhai (HUF)
4. Ghanshayambhai Bhagvanbhai Savani (HUF)
5. Govind Jivraj Tarpara (HUF)
6. Rakesh Balubhai Padariya (HUF)
7. Phal-Jig Fine Chemicals Private Limited
8. Shree Packaging- Proprietorship of Sameer Padhye
9. Om Gases – Proprietorship of Shirish Padhye
10. Rajmoti Chemicals Industries – Proprietorship of Govind Jivraj
11. Siddhi Silica Private Limited
12. Sarthi Construction

**C. All persons whose shareholding is aggregated under the heading “shareholding of the promoter group” pursuant to Regulation 2(pp) of the SEBI (ICDR) Regulations, 2018,**

1. Ghanshayambhai Bhagvanbhai Savani

**RELATIONSHIP OF PROMOTERS WITH OUR DIRECTORS:**

Except as disclosed herein, none of our Promoter(s) are related to any of our Company's Directors within the meaning of Section 2 (77) of the Companies Act, 2013.



Name of Promoter	Name of Director	Relationship
Jignesh Vallabhbhai Savani	Nayna Jignesh Savani	Spouse
Falgun Vallabhbhai Savani	Shilpa Falgun Savani	Spouse
Falgun Vallabhbhai Savani	Jignesh Vallabhbhai Savani	Brothers

#### **DISASSOCIATION BY THE PROMOTERS IN THE LAST THREE YEARS:**

Our Promoters have not disassociated themselves from any entities/firms during preceding three years.

#### **LITIGATION INVOLVING OUR PROMOTER:**

For details of legal and regulatory proceedings involving our Promoters, refer to the chapter titled “Outstanding Litigation and Material Developments” on page 187 of this Prospectus.

#### **CONFIRMATIONS:**

Our Company, Promoter(s) and Promoter Group are not debarred from accessing or operating the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not promoter or director of any other Company which is debarred from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our Company nor Promoter(s) are wilful defaulters.

None of our Promoter(s) is/are Fugitive Economic Offender.

Except as disclosed in “*Related Party Transactions*” on page 166 of this Prospectus, our Promoters are not related to any of the sundry debtors or are not beneficiaries of Loans and Advances given by/to our Company.

## **OUR GROUP COMPANIES**

In accordance with the provisions of the SEBI ICDR Regulations, for the purpose of identification of 'Group Company', our Company has considered companies as covered under the applicable accounting standards, being Accounting Standard 18 issued by the Institute of Chartered Accountant of India and such other companies as considered material by our Board. In the above mentioned scenario, our Company does not have any Group Company.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, subject to the provisions of the Article of Association, the Companies Act 2013.

In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions, and restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects. Our Company may also, from time to time, pay interim dividends. Our Company has no formal dividend policy. Our Company has declared dividends during the last three Fiscals.

Details of dividends distributed on the Equity Shares are as follows:-

Particulars	Fiscal		
	2019	2018	2017
Face value per share (in ₹ )	10	10	10
Dividend	-	-	-
Dividend per share (in ₹ )	-	-	-
Rate of Dividend (%)	-	-	-
Dividend Tax (%)	-	-	-

Details of dividends distributed on the 0.001% Convertible Non-Cumulative Redeemable Preference Shares are as follows:-

Particulars	Fiscal		
	2019	2018	2017
Face value per share (in ₹ )	10	10	10
Dividend(in ₹ )	-	575	575
Dividend per share (in ₹ )	-	0.0001	0.0001
Rate of Dividend (%)	-	0.001	0.001
Dividend Tax (%)	-	20.36	20.36

**SECTION VI – FINANCIAL STATEMENTS**

**FINANCIAL STATEMENTS AS RESTATED**

<b>Particulars</b>	<b>Page No.</b>
Restated Financial Statements	F1 – F37

**INDEPENDENT AUDITOR'S REPORT ON RESTATED STANDALONE FINANCIAL  
STATEMENTS OF PAR DRUGS AND CHEMICALS LIMITED**

To,  
The Board of Directors,  
**PAR DRUGS AND CHEMICALS LIMITED**

Dear Sirs,

1. We have examined the attached Restated Standalone Financial Information of Par Drugs and Chemicals Limited (Formerly known as Par Drugs and Chemicals Private Limited), comprising the Restated Standalone Assets and Liabilities as at March 31 2019, March 31 2018 and March 31 2017, the Restated Standalone Statements of Profit and Loss (including other comprehensive income), the Restated Standalone Statement of changes in Equity, the Restated Standalone Cash Flow Statement for the year ended March 31 2019, 2018 and 2017, the Summary statement of Significant Accounting Policies and other explanatory information (Collectively the Restated Standalone Financial Information as approved by the Board of Directors of the Company for the purpose of inclusion in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus, prepared by the company in connection with its proposed Initial Public Offer of equity shares (IPO) prepared in terms of the requirements of
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended from time to time (the Guidance Note)
2. The Company's Board of Directors are responsible for the preparation of Restated Standalone Financial Information for the purpose of inclusion in the DRHP / RHP / Prospectus to be filled with Securities and Exchange Board of India, NSE and Registrar of Companies. Gujarat in connection with the proposed IPO. The Restated Standalone Financial Information have been prepared by the management of the company on the basis of preparation stated in notes to the Restated Standalone Financial Information. Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Information. Management also responsible for identifying and ensuring that the Company complies with the Companies Act, ICDR Regulations and the Guidance Note.
3. We have examined such Restated Standalone Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with the company in accordance with our engagement letter in connection with the proposed IPO of equity shares of the Company;
  - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI; and
  - c) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your

compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Standalone Financial Information have been compiled by the management from the Audited Financial Statements of the company for the financial years ended on March 31 2019, March 31 2018 and March 31 2017 which have been approved by Board of directors.
5. In accordance with the requirements of Act, SEBI ICDR Regulations, Guidance Note on the reports in Company Prospectus (Revised) issued by ICAI and the terms of our Engagement Letter, we further report that:
  - a) The “Restated Standalone Statement of Assets and Liabilities” as set out in Annexure 1 to this report, of the Company as at March 31, 2019, 2018 and 2017 are prepared by the Company and approved by the Board of Directors. This Standalone Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual Financial Statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Standalone Summary Statements as set out in Annexure 4(A) to this Report.
  - b) The “Restated Standalone Statement of Profit and Loss” as set out in Annexure 2 to this report, of the Company for financial year ended on March 31, 2019, 2018 and 2017 are prepared by the Company and approved by the Board of Directors. This Standalone Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Standalone Summary Statements as set out in Annexure 4(A) to this Report.
  - c) The “Restated Standalone Statement of Cash Flow” as set out in Annexure 3 to this report, of the Company for financial year ended on March 31, 2019, 2018 and 2017 are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Standalone Summary Statements as set out in Annexure 4(A) to this Report.
  - d) Based on the above and also as per the reliance placed by us on the audited financial statements of the company and auditor’s report thereon which have been prepared by Statutory Auditor of the Company for the financial year ended on March 31, 2019, 2018 and 2017, we are of the opinion that The Restated Standalone Financial Statements or Restated Standalone Summary Statements have been made after incorporating:
    - i) Adjustments for the changes in accounting policies retrospectively in respective financial period / years to reflect the same accounting treatment as per the changed accounting policy for all reporting period if any;
    - ii) Adjustment for any material amounts in the respective financial years have been made to which they relate;
    - iii) They do not contains any extra-ordinary items that needs to be disclosed separately except as shown in the Restated Standalone Financial Information;
    - iv) There are no revaluation reserves, which needs to be disclosed separately in the Restated Standalone Financial Statement.
    - v) There are no qualifications in the Audit Report issued by us for the financial year ended on March 31, 2019, 2018 and 2017 which would require adjustments in this Restated Standalone Financial Statement of the Company.
    - vi) The Company has not paid dividend on its equity shares during the reporting period.
6. We have also examined the following restated standalone financial information of the Company set out in the Annexure as prepared by the management and approved by the Board of Directors on of the company for the financial year ended March 31 2019, March 31 2018 and March 31 2017 proposed to be included in the Draft Prospectus / Prospectus (“Offer Document”) for the proposed IPO:



Annexure – 4(A): Significant Accounting Policies and Notes to Accounts as restated  
 Annexure – 4(B): Reconciliation of Restated Profit & Audit Profit  
 Annexure – 4(C): Reconciliation of Restated Equity / Net-worth  
 Annexure - 5: Restated Standalone Statement of Share Capital  
 Annexure - 6: Restated Standalone Statement of Reserves & Surplus  
 Annexure - 7: Restated Standalone Statement of Long-term Borrowings  
 Annexure - 8: Restated Standalone Statement of Deferred Tax Liability (Net)  
 Annexure - 9: Restated Standalone Statement of Long-Term Provisions  
 Annexure - 10: Restated Standalone Statement of Short-term Borrowings  
 Annexure - 11: Restated Standalone Statement of Trade Payables  
 Annexure - 12: Restated Standalone Statement of Other Current Liabilities  
 Annexure - 13: Restated Standalone Statement of Short-Term Provisions  
 Annexure - 14: Restated Standalone Statement of Tangible Assets  
 Annexure - 15: Restated Standalone Statement of Non-Current Investments  
 Annexure - 16: Restated Standalone Statement of Long-term Loans & Advances  
 Annexure - 17: Restated Standalone Statement of Inventories  
 Annexure - 18: Restated Standalone Statement of Trade Receivables  
 Annexure - 19: Restated Standalone Statement of Cash and Cash Equivalents  
 Annexure - 20: Restated Standalone Statement of Short-term loans and advances  
 Annexure - 21: Restated Standalone Statement of Other Current Assets  
 Annexure - 22: Restated Standalone Statement of Revenue from Operations  
 Annexure - 23: Restated Standalone Statement of Other Income  
 Annexure - 24: Restated Standalone Statement of Cost of Material Consumed  
 Annexure - 25: Restated Standalone Statement of Changes in Inventories of Finished Goods and Work-in-Progress  
 Annexure - 26: Restated Standalone Statement of Employee Benefit Expenses  
 Annexure - 27: Restated Standalone Statement of Finance Cost  
 Annexure - 28: Restated Standalone Statement of Depreciation and Amortization Expense  
 Annexure - 29: Restated Standalone Statement of Other Expenses  
 Annexure - 30: Restated Standalone Statement of Contingent Liabilities  
 Annexure - 31: Restated Standalone Statement of Accounting Ratios  
 Annexure - 32: Restated Standalone Statement of Related Party Transactions  
 Annexure - 33: Restated Standalone Statement of Segment Reporting  
 Annexure - 34: Restated Standalone Statement of Capitalization  
 Annexure - 35: Restated Standalone Statement Tax Shelter

7. This report should not in any way be construed as re-issuance or re-dating of any of the previous audit reports issued by us or any other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
8. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
9. The preparation and presentation of the Standalone Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.
10. In our opinion, the above financial information contained in Annexure 1 to 35 and read along with the Restated Standalone Statement of Significant Accounting Policies and Notes as set out in Annexure 4(A) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with paragraph B, Part II of Schedule II of the Act, the SEBI ICDR Regulations, The Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India (“ICAI”) to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you. We did not perform audit tests for the purpose of expressing an opinion on

individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.

11. We, V. Dhamsania & Associates, Chartered Accountants have been subjected to peer review process of the Institute of Chartered Accountant of India (ICAI) and hold a valid peer review certificate No.-011546 dated 11/02/2019 issued by the "Peer Review Board" of the ICAI.
12. Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

V DHAMSANIA & ASSOCIATES

(Firm Regn No. – 132499W)

CHARTERED ACCOUNTANTS

VIPUL V DHAMSANIA (Partner)

M.No.140836

Date: 22/04/2019

Place: BHAVNAGAR

UDIN - 19140836AAAABI8070

## PAR DRUGS AND CHEMICALS LIMITED

### Annexure - 1 : Restated Standalone Statement of Assets and Liabilities

(Amount ₹ In Lakhs)

Particulars	Annex. No.	As At March 31, 2019	As At March 31, 2018	As At March 31, 2017
<b>I. Equity and Liabilities</b>				
<b>(1) Shareholders' Funds</b>				
(a) Share Capital	5	448.03	845.00	845.00
(b) Reserve & Surplus	6	2,463.70	1,224.86	1,075.34
(c) Money received against share warrants		-	-	-
<b>(2) Share application money pending allotment</b>		-	-	-
<b>(3) Non-current Liabilities</b>				
(a) Long term borrowings	7	603.14	1,306.95	1,430.07
(b) Deferred tax liabilities (Net)	8	342.43	323.72	270.00
(c) Other long term liabilities		-	-	-
(d) Long term provisions	9	32.69	26.33	24.44
<b>(4) Current Liabilities</b>				
(a) Short term borrowings	10	431.91	508.26	652.59
(b) Trade payables	11	493.18	526.13	778.31
(c) Other current liabilities	12	233.15	565.46	449.84
(d) Short term provisions	13	87.30	67.17	78.55
<b>Total</b>		<b>5,135.55</b>	<b>5,393.89</b>	<b>5,604.14</b>
<b>II. Assets</b>				
<b>(1) Non-current Assets</b>				
(a) Fixed assets				
(i) Tangible assets	14	3,634.10	3,903.50	4,153.20
(ii) Intangible assets		-	-	-
(iii) Capital WIP		-	-	-
(iv) Intangible assets under development		-	-	-
(b) Non-current investments	15	5.65	5.65	5.65
(c) Deferred tax assets (net)		-	-	-
(d) Long term loans and advances	16	77.40	82.06	87.08
(e) Other non-current assets		-	-	-
<b>(2) Current Assets</b>				
(a) Current investments		-	-	-
(b) Inventories	17	429.41	406.75	398.89
(c) Trade receivables	18	851.97	872.46	811.25
(d) Cash and cash equivalents	19	3.06	6.38	1.84
(e) Short-term loans and advances	20	61.05	68.84	61.34
(f) Other current assets	21	72.92	48.25	84.90
<b>Total</b>		<b>5,135.55</b>	<b>5,393.89</b>	<b>5,604.14</b>
Significant Accounting Policies	4A			
Reconciliation of Restated Profit & Audit Profit	4B			
Notes forming part of the Financial Statement	5 to 35			

As per our report of even date

## PAR DRUGS AND CHEMICALS LIMITED

### Annexure - 2 : Restated Standalone Statement of Profit and Loss

(Amount ₹ In Lakhs)

Particulars	Annex No	2018-19	2017-18	2016-17
I. Revenue from operations:	<b>22</b>	4,632.33	4,237.64	4,876.61
II. Other income:	<b>23</b>	8.87	4.00	4.30
<b>III. Total Revenue (I + II)</b>		<b>4,641.20</b>	<b>4,241.65</b>	<b>4,880.90</b>
<b>IV. Expenses:</b>				
Cost of material consumed	<b>24</b>	1,922.04	1,794.16	1,959.12
Purchases of Traded Goods		-	-	-
Changes in inventories of finished goods and work-in-progress	<b>25</b>	0.11	(1.49)	147.58
Employee benefit expense	<b>26</b>	363.91	349.20	326.48
Finance Costs	<b>27</b>	196.30	233.23	250.08
Depreciation and Amortization Expense	<b>28</b>	303.70	313.58	282.00
Other Expenses	<b>29</b>	1,526.77	1,297.66	1,597.31
<b>Total Expenses (IV)</b>		<b>4,312.83</b>	<b>3,986.35</b>	<b>4,562.57</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	<b>328.37</b>	<b>255.30</b>	<b>318.33</b>
VI. Exceptional Items		-	-	-
VII. Profit before extraordinary items and tax	(V - VI)	<b>328.37</b>	<b>255.30</b>	<b>318.33</b>
VIII. Extraordinary Items		-	-	-
IX. Profit before tax	(VII - VIII)	<b>328.37</b>	<b>255.30</b>	<b>318.33</b>
X. Tax Expense:				
(1) Current Tax		67.78	52.05	64.90
(2) Deferred Tax		18.71	53.72	68.65
XI. Profit(Loss) from the period from continuing operations	(IX-X)	<b>241.88</b>	<b>149.53</b>	<b>184.78</b>
XII. Profit/(Loss) from discontinuing operations		-	-	-
XIII. Tax expense of discontinuing operations		-	-	-
XIV. Profit/(Loss) from discontinuing operations after tax	(XII - XIII)	-	-	-
XV. Profit/(Loss) for the period	(XI + XIV)	<b>241.88</b>	<b>149.53</b>	<b>184.78</b>
XVI. Earning Per Equity Share:				
(1) Basic		<b>5.40</b>	<b>5.54</b>	<b>6.84</b>
(2) Diluted		<b>5.40</b>	<b>5.54</b>	<b>6.84</b>
Significant Accounting Policies	<b>4A</b>			
Reconciliation of Restated Profit & Audit Profit	<b>4B</b>			
Notes forming part of the Financial Statement	<b>5 to 35</b>			

As per our report of even date

**PAR DRUGS AND CHEMICALS LIMITED**

**Annexure - 3 : Restated Standalone Statement of Cash Flow**

(Amount ₹ In Lakhs)

Particulars	As At March 31, 2019	As At March 31, 2018	As At March 31, 2017
<b>Cash Flow from Operating Activities</b>			
<b>Restated Net Profit Before Tax and Extraordinary items</b>	328.37	255.30	318.33
<u>Adjustments For:</u>			
(Interest Received)	(8.87)	(4.00)	(3.47)
(Profit on sale of fixed assets)	-	-	(0.83)
Interest and Finance Charges Paid	181.15	199.12	244.18
Depreciation	303.70	313.58	282.00
<b>Operating profit before working capital changes</b>	804.35	764.00	840.21
<u>Changes in Working Capital</u>			
(Increase)/Decrease in Trade Receivables	20.49	(61.21)	(73.58)
(Increase)/Decrease in Inventories	(22.66)	(7.87)	159.00
(Increase)/Decrease in Short Term Loans and Advances	7.80	(7.50)	(20.37)
(Increase)/Decrease in Long Term Loans and Advances	4.67	5.01	(12.02)
(Increase)/Decrease in Other Current Assets	0.34	8.49	(5.56)
(Increase)/Decrease in Other Non-current Assets	-	-	-
Increase/(Decrease) in Long Term Provisions	6.36	1.89	5.93
Increase/(Decrease) in Trade Payables	(32.95)	(252.18)	134.77
Increase/(Decrease) in other Current liabilities	41.98	16.47	(29.07)
Increase/(Decrease) in Short Term Provisions	4.40	1.47	(14.22)
<b>Cash Generated from operations</b>	834.78	468.57	985.09
<b>Less : Income Tax paid</b>	(77.06)	(36.74)	(67.85)
<b>Cash Flow before extraordinary items</b>	757.72	431.83	917.24
<b>Extraordinary items</b>	-	-	-
<b>Net cash from Operating Activities.....A</b>	757.72	431.83	917.24
<b>Cash Flow from Investing Activities</b>			
(Increase)/Decrease in Non-Current Investment	-	-	-
Interest Received	8.87	4.00	3.47
(Purchase) of Tangible Fixed Assets	(34.30)	(63.89)	(180.99)
Sale of Tangible Fixed Assets	-	-	7.50
<b>Net cash from Investing Activities.....B</b>	(25.43)	(59.88)	(170.02)
<b>Cash Flow from financing Activities</b>			
Increase/(Decrease) in Share Capital	-	-	-
Increase/(Decrease) in Short Term Borrowings	(76.34)	(144.33)	(346.96)
Increase/(Decrease) in Long Term Borrowings	(478.10)	(23.96)	(247.17)
Interest and Finance Charges Paid	(181.15)	(199.12)	(244.18)
Dividend & tax thereon	(0.01)	-	(0.01)
Increase/(Decrease) in Share Application Money	-	-	-
<b>Net cash from Financing Activities.....C</b>	(735.60)	(367.41)	(838.32)
<b>Net increase in cash and cash equivalents (A+B+C)</b>	(3.31)	4.53	(91.11)
<b>Cash and cash equivalents at the beginning</b>	6.38	1.84	92.95
<b>Cash and cash equivalents at the end</b>	3.06	6.38	1.84

**Notes :-**

1) Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

2) Figures in brackets represents outflows.

3) The above statement should be read with the restated statement of assets and liabilities, statement of profit and loss, Significant Accounting Policies and Notes as appearing in Annexure 1, 2 and 4(A) respectively

## **PAR DRUGS AND CHEMICALS LIMITED**

### **Annexure 4(A): Significant Accounting Policies and Notes to Accounts as Restated**

#### **(A) Corporate Information**

Company was originally incorporated on February 26, 1999 as Par Drugs and Chemicals Private Limited under the provisions of the Companies Act, 1956 with the Registrar of Companies, Ahmedabad, Gujarat. Company was converted in to Public Limited Company and consequently name of company was changed from Par Drugs and Chemicals Private Limited to Par Drugs and Chemicals Limited vide special resolution passed by the Shareholders at the Extraordinary General Meeting held on October 24, 2018 and a fresh certificate of incorporation dated November 5, 2018 issued by the Registrar of Companies, Ahmedabad.

The Company is primarily engaged in manufacturing of API.

#### **(B) Basis of Preparation of Financial Statement**

The Restated Standalone Summary Statement of Assets and Liabilities of the Company as on March 31, 2019, March 31, 2018 and March 31, 2017, and the Restated Standalone Summary Statement of Profit and Loss and Restated Standalone Summary Statements of Cash Flows for the financial year ended on March 31, 2019, March 31, 2018 and March 31, 2017 and the annexure thereto (collectively, the “Restated Standalone Financial Statements” or “Restated Standalone Summary Statements”) have been compiled by the management from the Financial Statements of the Company for the financial year ended on March 31, 2019, March 31, 2018 and March 31, 2017.

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### **(C) Significant Accounting Policies**

##### **1) Use of Estimates:**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the use-full lives of fixed tangible assets and intangible assets. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the



estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

## **2) Fixed Assets & Depreciation:**

All items of fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred

Depreciation on fixed assets is provided as per WDV method based on the useful life of various assets, as specified in Schedule II of the Companies Act, 2013. Pursuant to Companies Act, 2013 ('the Act') being effective from April 1, 2014, the Company has revised depreciation rates on tangible fixed assets as per useful life specified in Part 'C' of Schedule II of the Act. And due to the same there has been a change in the estimated useful life of depreciable tangible assets which affects the depreciation in the current period and in each period during the remaining useful life of the assets. As the change is only in regard to accounting estimate requiring an adjustment of the carrying amount of tangible assets. The same do not require adjustment in the financial information for the years ended on March 31, 2014.

## **3) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. Impairment loss is charged to the Statement of Profit and Loss 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.

## **4) Investments:**

Investments, which are readily realizable and intended to be held for not more than 12 months from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments

## **5) Inventories :** The inventories are valued on the following basis :

- a) Raw Materials : Valued at Cost Price.
- b) Finished goods : Valued at lower of Cost or Net Realizable Value.
- c) Stock in Process : Valued at Cost Price.

#### **6) Employee Benefits:**

All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

The Company's contribution to Provident Fund and Employees State Insurance Scheme is determined based on a fixed percentage of the eligible employees' salary and charged to the Statement of Profit and Loss on accrual basis.

The Company's liability towards gratuity and compensated absences, being defined benefit plans are accounted for on the basis of an independent actuarial valuation and actuarial gains/losses are charged to the Statement of Profit and Loss.

#### **7) Revenue Recognition:**

(A) Revenue/income and Cost / Expenditure are generally accounted on accrual basis as they are earned or incurred, except those with significant uncertainties.

(B) Sales are recognized at the point of dispatch of goods to the customers. Sales are net of discounts, sales tax, excise, GST and returns.

(C) Interest income is recognized on time proportion basis.

(D) Dividend on Investments is accounted when approved by the shareholders' in the annual general meeting.

(E) Insurance claim receivable is recognized in the year of the loss to the extent ascertainable.

(F) The CENVAT / GST Credit available on purchase of raw materials / capital items and other eligible inputs are adjusted against Excise Duty payable on clearance of finished goods.

#### **8) Foreign Currency Transaction :**

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates.

The difference in translation of monetary assets and liabilities and realized gains and losses on foreign transactions are recognized in the Statement of Profit and Loss.

The premium or discount on forward exchange contracts is recognized in the statement of profit and loss over the period of the contract.

#### **9) Accounting For Government Grants/Refunds:**

Government grants/subsidies and refunds due from Government Authorities are accounted when there is reasonable certainty of their realization.

#### **10) Taxation**

Tax expenses comprise current tax (amount of tax for the period determined in accordance with the Income Tax Regulations in India) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date, Deferred tax assets are recognised only to the extent there is reasonable certainty

that the assets can be realized in future; however, when there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain, as the case may be, to be realized

Tax credit is recognised in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and is reviewed at each Balance Sheet date.

Company has policy of not considering MAT tax credit available to them under the Income Tax Act.

#### **11) Borrowing Cost:**

Borrowing Costs relating to the acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charge to revenue.

#### **12) Earning Per Share:**

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares outstanding at the end of the year. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding at the end of the year

#### **13) Provisions, Contingent Liabilities & Contingent Assets:**

The company recognizes as provisions, the liability being present obligations arising from past events, the settlement of which is expected to result in outflow of resources and which can be measured only by using a substantial degree of estimation. Contingent liabilities are disclosed by way of a note to the financial statement after careful evaluation by the management of the facts and legal aspect of the matters involved. Contingent assets are being neither recognized nor disclosed.

#### **14) Current Assets, Loans And Advances**

The balance under items of Sundry Debtors, Loans and Advances and current liabilities are subject to confirmation and reconciliation and consequential adjustments, wherever applicable. However, in the opinion of the Management, the realisable value of the current assets, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.

#### **15) Cash Flow**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

## 16) Segment Reporting

### *Business Segment*

As the company is dealing in only one segment i.e. manufacturing of API industry, hence segment reporting is not applicable. Company does not have distinguishable component of an enterprise that is engaged in providing an individual product or service or group of related product or services and that is subject to risks and returns that are different from those of other business segment.

### *Geographical Segment*

The Company operates in two geographical area namely “Bhavnagar, Gujarat” and “Ankleshwar, Gujarat”. Disclosure requirement as per AS-17 is given by way of notes to financial statement.

(D) **Changes in Accounting Policies in the Periods/Years Covered In The Restated Financials**

There is no change in significant accounting policies adopted by the Company.

(E) **NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS**

- 1) The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
- 2) The Company does not have information as to which of its supplier are Micro small and Medium Enterprise registered under The Micro small and Medium Enterprise Development Act 2006. Consequently, the liability, if any, of interest which would be payable under The Micro small and Medium Enterprise Development Act 2006, cannot be ascertained. However, the Company has not received any claims in respect of such interest and as such, no provision has been made in the books of accounts.
- 3) The Company has not been following the provisions of Accounting Standard – 15 “Employee Benefits” issued by the Institute of Chartered Accountants of India in respect of recording provision for Gratuity in its Books of Accounts for the Financial Years 2016-17 and 2017-18. However, in restated financial statements, the Company has made the necessary provision for gratuity as per the actuarial valuation reports obtained by them. Further, in the absence of information relating to fleet drivers on payroll of the Company (i.e. Date of birth, date of joining etc.), the provision for Gratuity recorded for
- 4) Contingent liabilities and commitments (to the extent not provided for) - A disclosure for a contingent liability is also made when there is a possible obligation that may, require an outflow of the Company's resources.
- 5) Figures have been rearranged and regrouped wherever practicable and considered necessary.
- 6) The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required to be provided for.

- 7) The balances of trade payables, trade receivables, loans and advances are unsecured and considered as good are subject to confirmations of respective parties concerned.
- 8) Realizations: In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets and loans and advances are approximately of the same value as stated.
- 9) Contractual liabilities: All other contractual liabilities connected with business operations of the Company have been appropriately provided for.
- 10) Amounts in the financial statements: Amounts in the financial statements are rounded off to nearest lakhs. Figures in brackets indicate negative values.

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

<b>Annexure No. 4(B) RECONCILIATION OF RESTATED PROFIT &amp; AUDIT PROFIT :</b>			
	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
Net Profit / (Loss) After Tax of Audited Statement of Profit & Loss	251.10	152.34	175.43
<u>Adjustments for:</u>			
Gratuity Provision (Note-1)	-	(3.37)	(7.82)
(Short)/Excess Provision for Tax (Note-2)	0.02	0.95	3.10
Interest on Income tax not debited to P&L	(0.80)	(1.08)	(0.43)
Interest Income not credited to P&L	-	-	-
Deferred Tax Liability / Asset Adjustments (Note-3)	(8.45)	0.69	14.50
<b>Net Profit / (Loss) after tax as restated</b>	<b>241.88</b>	<b>149.53</b>	<b>184.78</b>

Explanatory notes to the above restatements made in Audited Financial Statements of the company for the respective years / period.

Adjustments having impact on Profit:

**Note - 1**

The Company has not provided for Gratuity up to FY 2017-18 as per AS-15 in books of accounts. However, in restated financial statements, provision for gratuity has been made based on actuarial

**Note - 2**

The Company has provided excess or short provision of income tax in the year in which the income tax return has been filled. But in restated account, the company has provided excess or short provision in the year to which it relates.

**Note - 3**

There is change in Deferred Tax Assets / Liabilities as per audited books of accounts and as per restated financials and the same has been given effect in the year to which the same relate.

Adjustments having no impact on Profit:

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 regroupings 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 and Disclosure Requirements) Regulations 2018.

(Amount ₹ In Lakhs)

<b>Annexure No. 4(C) RECONCILIATION OF RESTATED EQUITY / NETWORTH :</b>			
	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
Equity / Networth as per audited financials	2,902.89	2,096.41	1,949.87
<u>Adjustments for:</u>			
Difference pertaining to changes in Profit / Loss due to Restated effect for the period covered in Restated Financial	(9.23)	(2.82)	9.35
Prior period adjustments (Note-1)	18.07	(23.72)	(38.88)
<b>Equity / Networth as Restated</b>	<b>2,911.73</b>	<b>2,069.86</b>	<b>1,920.34</b>

**Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years.**

**Note - 1**

Amounts relating to the prior period have been adjusted in the year to which the same relates to and the same amount is arrived on account of change in Opening Balance of Reserve and

**To give Explanatory Notes regarding Adjustments**

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 financial of the company for all the years and requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018.



**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

**Annexure No. 5. RESTATED STANDALONE STATEMENT OF SHARE CAPITAL :**

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>1 Authorised Shares:authorized;</b>			
30 Lakhs Equity Shares of Rs.10/- each.	-	300.00	300.00
57.50 Lakhs Preference Shares of Rs.10/ each	-	575.00	575.00
87.50 Lakhs Equity Shares of Rs.10/- each.	875.00	-	-
	<u>875.00</u>	<u>875.00</u>	<u>875.00</u>
<b>2 Issued, subscribed and fully paid Shares</b>			
27.00 Lakhs Equity Shares of Rs.10/- each Fully paid up	-	270.00	270.00
57.50 Lakhs Preference Shares of Rs.10/ each	-	575.00	575.00
44.80 Lakhs Equity Shares of Rs.10/- each Fully paid up	448.03	-	-
	<u>448.03</u>	<u>845.00</u>	<u>845.00</u>

**3 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;**

	(No of Shares In Lakhs)		
	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>Equity Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the period	27.00	27.00	27.00
Add : Issued during the period	17.80	-	-
Outstanding at the end of the period	<u>44.80</u>	<u>27.00</u>	<u>27.00</u>
<b>Preference Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the period	57.50	57.50	57.50
Add : Issued during the period	-	-	-
Less : Redeemed / Conversion during the period	(57.50)	-	-
Outstanding at the end of the period	<u>-</u>	<u>57.50</u>	<u>57.50</u>

**4 Terms & Right attached to Equity Shares & Preference shares**

Equity Shares: The company has only one class of equity shares having a par value of Rs.10/- each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts and payment of preference shareholders, in proportionate to their shareholding.

Preference Shares: During FY 2018-19 company has converted its preference shares to equity shares. In earlier years company has only one class of 0.001% Redeemable Non-cumulative Preference Shares having a par value of Rs.10/- each. Shareholders are not eligible for vote in respect of the preference share held. The shares are redeemable at the option of the company. In the event of liquidation, the preference shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportionate to their shareholding.

**5A Details of shareholders holding more than 5% shares in the company (in terms of No. of shares holding)**

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
	No. of Shares	No. of Shares	No. of Shares
a) Equity Shares, fully paid up:			
Vallabhbhai Jivabhai Savani	11,71,236.00	2,56,518.00	17,14,624.00
Saritaben Vallabhbhai Savani	1,10,866.00	38,066.00	2,75,372.00
Falgun Vallabhbhai Savani	13,06,976.00	9,64,053.00	2,35,000.00
Jignesh Vallabhbhai Savani	13,30,220.00	9,64,053.00	2,35,000.00
Ghanshyambhai B Savani	3,62,642.00	3,04,806.00	67,500.00
b) Preference, fully paid up:			
Vallabhbhai Jivabhai Savani	-	4,01,336.00	37,00,000.00
Falgun Vallabhbhai Savani	-	22,54,266.00	5,00,000.00
Jignesh Vallabhbhai Savani	-	22,54,398.00	7,10,000.00
Saritaben Vallabhbhai Savani	-	4,80,000.00	4,80,000.00

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

**5B Details of shareholders holding more than 5% shares in the company (in terms of % of holding)**

	AS AT 31.03.2019 % of holding	AS AT 31.03.2018 % of holding	AS AT 31.03.2017 % of holding
a) Equity Shares, fully paid up:			
Vallabhbhai Jivabhai Savani	26.14%	9.50%	63.50%
Saritaben Vallabhbhai Savani	2.47%	1.41%	10.20%
Falgun Vallabhbhai Savani	29.17%	35.71%	8.70%
Jignesh Vallabhbhai Savani	29.69%	35.71%	8.70%
Ghanshyambhai B Savani	8.09%	11.29%	2.50%
b) Preference, fully paid up:			
Vallabhbhai Jivabhai Savani	0.00%	6.98%	64.35%
Falgun Vallabhbhai Savani	0.00%	39.20%	8.70%
Jignesh Vallabhbhai Savani	0.00%	39.21%	12.35%
Saritaben Vallabhbhai Savani	0.00%	8.35%	8.35%

**Notes**

- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively

**Annexure No. 6. RESTATED STANDALONE STATEMENT OF RESERVE & SURPLUS :**

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>a) Reserves and Surplus:</b>			
1 Capital Reserve:			
Opening Balance as per last financial statement	6.86	6.86	6.86
Add: During the year	-	-	-
<b>Closing Balance</b>	<b>6.86</b>	<b>6.86</b>	<b>6.86</b>
2 Securities Premium Reserve			
Opening Balance as per last financial statement	-	-	-
Add: During the year	996.97	-	-
<b>Closing Balance</b>	<b>996.97</b>	<b>-</b>	<b>-</b>
3 General Reserve:			
Opening Balance as per last financial statement	3.50	3.50	3.50
Add: During the year	-	-	-
<b>Closing Balance</b>	<b>3.50</b>	<b>3.50</b>	<b>3.50</b>
<b>b) Surplus/(Deficit) in the statement of Profit &amp; Loss</b>			
Opening Balance	1,214.50	1,064.97	880.20
Add: Restated Profit/(Loss) for the year	241.88	149.53	184.78
<b>LESS:</b>			
Dividend to Preference shareholders	0.01	-	0.01
Tax on Dividend.	0.00	-	0.00
<b>Closing Balance</b>	<b>1,456.37</b>	<b>1,214.50</b>	<b>1,064.97</b>
<b>TOTAL: RESERVES AND SURPLUS</b>	<b>2,463.70</b>	<b>1,224.86</b>	<b>1,075.34</b>

**Notes:**

- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

<b>Annexure No. 7. RESTATED STANDALONE STATEMENT OF LONG TERM BORROWINGS :</b>			
	<b>AS AT 31.03.2019</b>	<b>AS AT 31.03.2018</b>	<b>AS AT 31.03.2017</b>
<b>1 Secured</b>			
<u>From Bank / Financial Institutions</u>			
Term Loan-1 From Union Bank of India	-	-	380.13
Term Loan-2 From Union Bank of India	-	-	84.41
Term Loan-3 From Union Bank of India	-	-	-
Car Loan From Bank of Baroda	-	-	-
Car Loan-1 From HDFC Bank	17.21	25.47	33.02
Car Loan-2 From HDFC Bank	14.09	25.13	-
Car Loan From ICICI Bank	0.41	2.96	5.27
Car Loan From Kotak Mahindra Prime Ltd	5.86	10.07	13.89
Term Loan-1 From Kotak Mahindara Bank	185.13	239.91	-
Term Loan-2 From Kotak Mahindara Bank	-	28.85	-
Term Loan-3 From Kotak Mahindara Bank	-	12.25	-
	<b>222.71</b>	<b>344.63</b>	<b>516.71</b>
<b>2 Unsecured</b>			
<u>From Promoters / Promoters Group / Group Companies / Other Related Parties</u>			
<u>Loans from Director &amp; ShareHolder</u>			
Falgun V Savani	-	0.90	1.83
Ghanshyambhai B Savani	-	4.81	4.51
Jignesh V Savani	-	13.03	9.26
Nayana J Savani	-	0.32	0.48
Shilpaben F Savani	-	0.32	0.47
Saritaben V Savani	-	0.05	0.28
Vallabhbhai J Savani	380.43	664.63	664.13
<u>Loans From Related Parties</u>			
Falgun V Savani HUF	-	37.71	36.51
Ghanshyam B savani HUF	-	45.26	33.57
Jignesh V Savani HUF	-	47.90	36.29
Par pharmaceuticals	-	0.19	0.19
Vipul Jitendrabhai Patel	-	50.00	50.00
Vallabhbhai J Savani HUF	-	97.19	75.84
	<b>380.43</b>	<b>962.32</b>	<b>913.36</b>
<b>TOTAL: LONG-TERM BORROWINGS</b>	<b>603.14</b>	<b>1,306.95</b>	<b>1,430.07</b>

**ANNEXURE - 7A : NATURE OF SECURITIES AND TERMS OF REPAYMENT FOR SECURED LONG TERM BORROWINGS INCLUDING CURRENT MATURITIES**

<b>Sr No</b>	<b>Name of Lender, Nature of Facility, Amount Sanctioned, Rate of Interest &amp; Repayment Terms</b>	<b>Amount Outstanding as at 31.03.2019 (Amount ₹ In Lakhs)</b>	<b>Securities offered / Principal terms &amp; conditions</b>
1	Car Loan-1 taken from HDFC Bank Ltd during FY 2016-17, sanctioned of Rs. 41 Lakhs and carries interest @9.05% . The loan is re-payable in 60 monthly instalments of Rs.85,209 each.	25.47	Hypothecation of Mercedes benz car purchased through loan, having registration no.GJ 06 KH 8640.
2	Car Loan-2 taken from HDFC Bank Ltd during FY 2017-18, sanctioned of Rs.34.49 Lakhs and carries interest @ 8.25%. The loan is re-payable in 37 monthly instalments of Rs.1,05,895 each.	25.13	Hypothecation of Skoda Kodiak car purchased through loan, having registration no. GJ 06 LK 9191.
3	Car Loan taken from ICICI Bank Ltd during FY 2016-17, sanctioned of Rs. 9 Lakhs and carries interest @9.65%. The loan is re-payable in 48 monthly instalments of Rs. 22,679 each.	2.96	Hypothecation of TUV-300 car purchased through loan, having registration no.GJ 04 CJ 3073.

## PAR DRUGS AND CHEMICALS LIMITED

### NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

(Amount ₹ In Lakhs)

- |  |   |
|--|---|
| <p>4 Car Loan taken from Kotak Mahindra Prime Ltd during FY 2016-17, sanctioned of Rs. 19.87 Lakhs and carries interest @9.65%. The loan is re-payable in 60 monthly instalments of Rs.41,633 each.</p> <p>5 Term Loan-1 taken from Kotak Mahindara Bank Ltd during FY 2017-18, sanctioned of Rs. 300 Lakhs and carries interest @8.75% floating. The loan is re-payable in 60 monthly instalments of Rs.6,19,117 each.</p> <p>6 Term Loan-2 taken from Kotak Mahindara Bank Ltd during FY 2017-18, sanctioned of Rs. 437.51 Lakhs and carries interest @8.75% floating. The loan is re-payable in 15 monthly instalments of Rs. 30,89,692 each.</p> <p>7 Term Loan-3 taken from Kotak Mahindara Bank Ltd during FY 2017-18, sanctioned of Rs. 96.23 Lakhs and carries interest @8.75% floating. The loan is re-payable in 16 monthly instalments of Rs.6,39,343 each.</p> | <p>10.07 Hypothecation of Toyota Innova car purchased through loan, having registration no.GJ 06 KD 8640</p> <p>240.55 Term Loan-1, 2 &amp; 3 are sanctioned with working capital limit of Rs.700 lakhs. All the loans are secured by the following securities<br/> <u>A) Primary Securities :</u><br/>                     The hypothecation of all existing and future receivables/Current Assests/Movable Assests/Moveable Fixed Assests.</p> <p>29.24 <u>B) Collateral Securities :</u><br/>                     1) Plot no.13, Spring View Residency, Nr.Vedant Bunglows-1, Bh. Bright CBSE School, Vasna Bhayli Road, Bhayli, Vododara-390007.<br/>                     2) Plot No.42/B-4 &amp; 42/B-3, Takhteshwar Plot,behind Madhav Hill,NR Waghwadi,Bhavnagar-364001.</p> <p>12.31 3) Plot no.5901/1, Ankleshwar Industrial Estate, R.5 No.174 Paiki, Village:Sarangpur, Takula : Ankleshwar, Dist. Bharuch-393002.<br/>                     4) Plot No.333/1, 333/2, 334 to 338, Chitra G.I.D.C, Rajkot Road, Bhavnagar-364004.<br/> <u>C) Gaurantees :</u><br/>                     Personal gaurantee of Vallabhbhai J Savani, Jignesh V Savani, Falgun V Savani, Ghanshyam B Savani and Shishir M Trivedi.<br/> <u>D) Take-over Condition :</u><br/>                     Kotak Mahindra Bank Ltd has sanctioned all the credit facilit as take over of facility wise outstanding including accrued intereset, foreclosure charges if any, from Union Bank of India.</p> |
|--|---|

#### ANNEXURE - 7B : TERMS & CONDITION OF UNSECURED LOANS

Details of Unsecured Loans outstanding as at the end of the latest Reporting period from Directors/Promoters/Promoter Group /Associates/Relatives of Directors/Group Companies/other entities.

Sr No	Name of Lender	Purpose	Rate of Interest	Re-payment schedule
1	Vallabhbhai J Savani	Business	12%	On Demand

# PAR DRUGS AND CHEMICALS LIMITED

## NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

(Amount ₹ In Lakhs)

### Notes :

- 1 The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

### Annexure No. 8. RESTATED STANDALONE STATEMENT OF DEFERRED TAX LIABILITIES (NET) :

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>Deferred Tax Liabilities</b>			
1 Fixed Assets: Impact of difference between Book and Tax Depreciation	353.18	352.84	349.19
<b>Gross Deferred Tax Liabilities</b>	<b>353.18</b>	<b>352.84</b>	<b>349.19</b>
<b>Deferred Tax Assets</b>			
1 C/f. Business & Dep. Loss as per Income-tax	-	20.67	71.43
2 Provision for Gratuity.	10.75	8.45	7.76
<b>Gross Deferred Tax Assets</b>	<b>10.75</b>	<b>29.12</b>	<b>79.19</b>
<b>TOTAL: DEFERRED TAX LIABILITIES (NET)</b>	<b>342.43</b>	<b>323.72</b>	<b>270.00</b>

### Notes :

- 1 In accordance with accounting standard 22, Accounting for taxes on Income, issued by the Institute of Chartered Accountants India, the Deferred Tax Assets (net of Liabilities) is provided in the books of account as at the end of the year.
- 2 The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- 3 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

### Annexure No. 9. RESTATED STANDALONE STATEMENT OF LONG TERM PROVISIONS :

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
1 Provision for employee benefits			
Provision for Gratuity	32.69	26.33	24.44
2 Others:	-	-	-
<b>TOTAL: LONG-TERM PROVISIONS</b>	<b>32.69</b>	<b>26.33</b>	<b>24.44</b>

### Notes :

- 1 Due to non-availability of actuarial valuation for the period prior to 2015-16, the company had provided gratuity expenses of periods prior to March 31, 2016 in the financial year 2015-16. For the purpose of Restatement the figures for gratuity provision have been adjusted in the respective years / periods on the basis of actuarial valuation.
- 2 The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- 3 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

**Annexure No. 10. RESTATED STANDALONE STATEMENT OF SHORT TERM BORROWINGS :**

**AS AT 31.03.2019 AS AT 31.03.2018 AS AT 31.03.2017**

**1 Loan Repayable on Demand**

- From Bank (Secured)

Cash Credit from Union Bank of India	-	-	560.63
EPC From Union Bank of India	-	-	91.96
EPC From Kotak Mahindra Bank Ltd	99.80	31.85	-
Cash Credit from Kotak Mahindara Bank Ltd	332.12	476.40	-

**TOTAL: SHORT-TERM BORROWINGS**

**431.91 508.26 652.59**

**ANNEXURE - 10A : NATURE OF SECURITIES AND TERMS OF REPAYMENT FOR SECURED SHORT TERM BORROWINGS**

Sr No	Name of Lender, Nature of Facility, Amount Sanctioned, Rate of Interest & Repayment Terms	Amount Outstanding as at 31.03.2019 (Amount ₹ In Lakhs)	Securities offered / Principal terms & conditions
1	EPC taken from Kotak Mahindara Bank Ltd during FY 2017-18, sanctioned of Rs. 200.00 Lakhs and interest will be decided at the time of withdrawals.	99.80	Term Loan-1, 2 & 3 are sanctioned with working capital limit of Rs.700 lakhs. All the loans are secured by the following securities <u>A) Primary Securities :</u>
2	Cash Credit taken from Kotak Mahindara Bank Ltd during FY 2017-18, sanctioned of Rs. 700.00 Lakhs and carries interest rate 8.75% Floating.	332.12	The hypothecation of all existing and future receivables/Current Assests/Movable Assest/Moveable Fixed Assests. <u>B) Collateral Securities :</u> 1) Plot no.13, Spring View Residency, Nr.Vedant Bunglows-1, Bh. Bright CBSE School, Vasna Bhayli Road, Bhayli, Vododara-390007. 2) Plot No.42/B-4 & 42/B-3, Takhteshwar Plot,behind Madhav Hill,NR Waghwadi,Bhavnagar-364001. 3) Plot no.5901/1, Ankleshwar Industrial Estate, R.5 No.174 Paiki, Village:Sarangpur, Takula : Ankleshwar, Dist. Bharuch-393002. 4) Plot No.333/1, 333/2, 334 to 338, Chitra G.I.D.C., Rajkot Road, Bhavnagar-364004. <u>C) Gaurantees :</u> Personal gaurantee of Vallabhbhai J Savani, Jignesh V Savani, Falgun V Savani, Ghanshyam B Savani and Shishir M Trivedi.

**Notes :**

- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

**Annexure No. 11. RESTATED STANDALONE STATEMENT OF TRADE PAYABLES :**

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>Trade Payable for Goods &amp; Services includes</b>			
(A) Due to Micro, Small & Medium Enterprise	-	-	-
(B) Due to Others	493.18	526.13	778.31
<b>TOTAL: TRADE PAYABLES</b>	<b>493.18</b>	<b>526.13</b>	<b>778.31</b>

**Notes :**

- The Company does not have information as to which of its supplier are Micro small and Medium Enterprise registered under The Micro small and Medium Enterprise Development Act 2006.
- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**Annexure No. 12. RESTATED STANDALONE STATEMENT OF OTHER CURRENT LIABILITIES :**

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
1 <u>Current maturities of long-term debt</u>			
Term Loan-1 From Union Bank of India	-	-	319.88
Term Loan-2 From Union Bank of India	-	-	65.94
Term Loan-3 From Union Bank of India	-	-	-
Car Loan From Bank of Baroda	-	-	-
Car Loan-1 From HDFC Bank Ltd	8.26	7.54	6.78
Car Loan-2 From HDFC Bank Ltd	11.05	9.36	-
Car Loan From ICICI Bank of India	2.55	2.31	2.10
Car Loan From Kotak Mahindra Prime Ltd	4.21	3.82	3.47
Term Loan-1 From Kotak Mahindara Bank Ltd	55.42	50.84	-
Term Loan-2 From Kotak Mahindara Bank Ltd	29.24	351.28	-
Term Loan-3 From Kotak Mahindara Bank Ltd	12.31	72.16	-
2 Income received in advance/Advance from Customers	7.34	1.88	5.02
3 <u>Other Payables:</u>			
Statutory liabilities	32.74	34.91	27.26
Provision for Expense	9.98	2.39	1.13
Remuneration Payable to Director	50.03	15.17	7.62
Salary Payable	10.03	13.79	10.64
<b>TOTAL: OTHER CURRENT LIABILITIES</b>	<b>233.15</b>	<b>565.46</b>	<b>449.84</b>

**Notes :**

- Advance received from customers have been taken as certified by the management of the company and no security has been offered by the company against the same
- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.



**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

<b>Annexure No. 13. RESTATED STANDALONE STATEMENT OF SHORT TERM PROVISIONS :</b>			
	<b>AS AT 31.03.2019</b>	<b>AS AT 31.03.2018</b>	<b>AS AT 31.03.2017</b>
1 Provision for employee benefits			
Provision for Gratuity	19.52	15.12	13.64
2 Others:			
Provision for Taxation	67.78	52.05	64.90
Proposed Dividend to Preference Shares	-	-	0.01
Provision for Tax on Dividend	-	-	0.00
<b>TOTAL: SHORT-TERM PROVISIONS</b>	<b>87.30</b>	<b>67.17</b>	<b>78.55</b>

**Notes :**

- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

PAR DRUGS AND CHEMICALS LIMITED

NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

(Amount ₹ In Lakhs)

Annexure No. 14. RESTATED STANDALONE STATEMENT OF TANGIBLE ASSETS :			
	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>1 Land</b>			
Gross Block Opening Balance	53.97	53.97	53.97
Addition during the year	-	-	-
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>53.97</b>	<b>53.97</b>	<b>53.97</b>
Opening Accumulated Depreciation	-	-	-
Depreciation charged during the year	-	-	-
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Block (A-B)</b>	<b>53.97</b>	<b>53.97</b>	<b>53.97</b>
<b>2 Factory Building</b>			
Gross Block Opening Balance	1,446.79	1,434.43	1,434.43
Addition during the year	-	12.36	-
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>1,446.79</b>	<b>1,446.79</b>	<b>1,434.43</b>
Opening Accumulated Depreciation	284.09	240.47	197.02
Depreciation charged during the year	43.62	43.62	43.46
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>327.70</b>	<b>284.09</b>	<b>240.47</b>
<b>Net Block (A-B)</b>	<b>1,119.09</b>	<b>1,162.70</b>	<b>1,193.96</b>
<b>3 Office Building</b>			
Gross Block Opening Balance	16.61	16.61	16.61
Addition during the year	-	-	-
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>16.61</b>	<b>16.61</b>	<b>16.61</b>
Opening Accumulated Depreciation	4.02	3.54	3.07
Depreciation charged during the year	0.48	0.48	0.48
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>4.49</b>	<b>4.02</b>	<b>3.54</b>
<b>Net Block (A-B)</b>	<b>12.12</b>	<b>12.59</b>	<b>13.07</b>
<b>4 Plant &amp; Equipments</b>			
Gross Block Opening Balance	3,659.34	3,647.94	3,629.00
Addition during the year	23.44	11.40	18.94
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>3,682.78</b>	<b>3,659.34</b>	<b>3,647.94</b>
Opening Accumulated Depreciation	1,200.78	1,007.32	815.11
Depreciation charged during the year	193.91	193.45	192.21
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>1,394.69</b>	<b>1,200.78</b>	<b>1,007.32</b>
<b>Net Block (A-B)</b>	<b>2,288.09</b>	<b>2,458.56</b>	<b>2,640.62</b>
<b>5 Furniture &amp; Fixture</b>			
Gross Block Opening Balance	39.07	38.53	37.84
Addition during the year	-	0.54	0.69
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>39.07</b>	<b>39.07</b>	<b>38.53</b>
Opening Accumulated Depreciation	24.58	21.07	17.63
Depreciation charged during the year	2.59	3.51	3.44
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>27.18</b>	<b>24.58</b>	<b>21.07</b>
<b>Net Block (A-B)</b>	<b>11.90</b>	<b>14.49</b>	<b>17.46</b>
<b>6 Vehicles</b>			
Gross Block Opening Balance	159.28	123.43	61.99
Addition during the year	4.64	35.85	83.35
Reduction during the year	-	-	(21.91)
<b>Gross Block Closing Balance.....A</b>	<b>163.92</b>	<b>159.28</b>	<b>123.43</b>
Opening Accumulated Depreciation	109.69	60.74	46.83
Depreciation charged during the year	38.91	48.94	29.15

# PAR DRUGS AND CHEMICALS LIMITED

## NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

		(Amount ₹ In Lakhs)	
Reduction / Adj during the year	-	-	(15.24)
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>148.60</b>	<b>109.69</b>	<b>60.74</b>
<b>Net Block (A-B)</b>	<b>15.32</b>	<b>49.59</b>	<b>62.68</b>
<b>7 Office Equipments</b>			
Gross Block Opening Balance	22.97	21.60	19.38
Addition during the year	4.62	1.36	2.22
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>27.59</b>	<b>22.97</b>	<b>21.60</b>
Opening Accumulated Depreciation	20.69	19.15	13.38
Depreciation charged during the year	2.16	1.54	5.78
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>22.85</b>	<b>20.69</b>	<b>19.15</b>
<b>Net Block (A-B)</b>	<b>4.74</b>	<b>2.27</b>	<b>2.45</b>
<b>8 Electric Installation</b>			
Gross Block Opening Balance	113.07	113.07	113.07
Addition during the year	-	-	-
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>113.07</b>	<b>113.07</b>	<b>113.07</b>
Opening Accumulated Depreciation	46.63	41.43	36.08
Depreciation charged during the year	5.19	5.19	5.35
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>51.82</b>	<b>46.63</b>	<b>41.43</b>
<b>Net Block (A-B)</b>	<b>61.25</b>	<b>66.44</b>	<b>71.64</b>
<b>9 Laboratory Equipments</b>			
Gross Block Opening Balance	34.44	33.72	33.59
Addition during the year	0.60	0.71	0.13
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>35.04</b>	<b>34.44</b>	<b>33.72</b>
Opening Accumulated Depreciation	13.34	11.78	9.94
Depreciation charged during the year	1.63	1.57	1.83
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>14.98</b>	<b>13.34</b>	<b>11.78</b>
<b>Net Block (A-B)</b>	<b>20.06</b>	<b>21.09</b>	<b>21.95</b>
<b>10 Computer &amp; Data Processing Unit</b>			
Gross Block Opening Balance	15.24	13.58	13.58
Addition during the year	1.00	1.66	-
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>16.24</b>	<b>15.24</b>	<b>13.58</b>
Opening Accumulated Depreciation	14.45	13.53	13.53
Depreciation charged during the year	0.83	0.92	-
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>15.28</b>	<b>14.45</b>	<b>13.53</b>
<b>Net Block (A-B)</b>	<b>0.95</b>	<b>0.79</b>	<b>0.05</b>
<b>11 Solar Power Plant</b>			
Gross Block Opening Balance	75.65	75.65	-
Addition during the year	-	-	75.65
Reduction during the year	-	-	-
<b>Gross Block Closing Balance.....A</b>	<b>75.65</b>	<b>75.65</b>	<b>75.65</b>
Opening Accumulated Depreciation	14.67	0.30	-
Depreciation charged during the year	14.37	14.37	0.30
Reduction / Adj during the year	-	-	-
<b>Accumulated Depreciation (Closing Balance).....B</b>	<b>29.04</b>	<b>14.67</b>	<b>0.30</b>
<b>Net Block (A-B)</b>	<b>46.61</b>	<b>60.98</b>	<b>75.36</b>
<b>Total Gross Block Closing Balance.....A</b>	<b>5,670.73</b>	<b>5,636.44</b>	<b>5,572.55</b>
<b>Less :Total Accumulated Depreciation (Closing Balance).....B</b>	<b>2,036.63</b>	<b>1,732.93</b>	<b>1,419.35</b>
<b>Total Net Block (A-B)</b>	<b>3,634.10</b>	<b>3,903.50</b>	<b>4,153.20</b>

# PAR DRUGS AND CHEMICALS LIMITED

## NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

(Amount ₹ In Lakhs)

### Notes :

- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

### Annexure No. 15. RESTATED STANDALONE STATEMENT OF NON-CURRENT INVESTMENTS :

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
1 Investments in Equity Instruments (Unquoted);			
a) 56485 Equity Shares of Rs.10/- each fully paid up in BEAIL	5.65	5.65	5.65
<b>TOTAL: NON-CURRENT INVESTMENTS</b>	<b>5.65</b>	<b>5.65</b>	<b>5.65</b>

### Notes :

- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

### Annexure No. 16. RESTATED STANDALONE STATEMENT OF LONG TERM LOANS AND ADVANCES :

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
1 <b>Security Deposits;</b>			
a Unsecured, considered good	41.82	47.39	58.66
2 <b>Other loans and advances:</b>			
a Mat tax credit	7.17	7.17	7.17
b Income tax refund receivable	28.40	27.49	21.24
<b>TOTAL: LONG-TERM LOANS AND ADVANCES</b>	<b>77.40</b>	<b>82.06</b>	<b>87.08</b>

### Notes:

- None of the long term loans and advances as stated above are recoverable from Directors/ Promoters/ Promoter group /Associates/ Relatives of Directors/ Group company.
- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

### Annexure No. 17. RESTATED STANDALONE STATEMENT OF INVENTORIES :

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
- Raw Materials			
- Raw Materials	33.74	38.69	27.57
- Fuel, Fire wood & lignit	4.58	2.70	8.56
- Raw Materials (Total)	38.31	41.39	36.12
- Finished goods	253.75	223.18	248.49
- Semi-finished goods	98.55	129.23	102.43
- Packing Material	38.80	12.95	11.84
<b>TOTAL: INVENTORIES</b>	<b>429.41</b>	<b>406.75</b>	<b>398.89</b>

### Notes:-

- Raw material, Packing materials, fuel & Consumable are valued at cost on FIFO method. Cost includes purchase value, freight & octroi, duties & taxes.
- Finished goods and Semi finished goods are valued at lower of cost or net realisable value on FIFO method. Cost includes purchase value, freight & octroi, proportionate manufacturing expense, wages & salary to employees, duties and taxes.

# PAR DRUGS AND CHEMICALS LIMITED

## NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

(Amount ₹ In Lakhs)

- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

### Annexure No. 18. RESTATED STANDALONE STATEMENT OF TRADE RECEIVABLES :

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>Unsecured and considered good</b>			
<b>1 From Director / Promotor / Promotor group / Associates / Relatives of Directors / Group Companies</b>			
O/s for a period exceeding 6 months	-	-	-
O/s for a period not exceeding 6 months	-	-	-
<b>2 From Others</b>			
O/s for a period exceeding 6 months	24.52	24.64	19.24
O/s for a period not exceeding 6 months	827.45	847.82	792.01
<b>TOTAL: TRADE RECEIVABLES</b>	<b>851.97</b>	<b>872.46</b>	<b>811.25</b>

#### Notes :-

- As per the view of the management of the company there is no doubtful debt and hence provision for doubtful debts have not been made.
- Trade Receivable as on March 31, 2019 has been taken as certified by the management of the company.
- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

### Annexure No. 19. RESTATED STANDALONE STATEMENT OF CASH AND CASH EQUIVALENTS :

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>1 Balance With Banks:</b>			
In Current Account	2.03	5.95	1.16
<b>2 Cash on Hand</b>	<b>1.03</b>	<b>0.42</b>	<b>0.68</b>
<b>TOTAL: CASH AND CASH EQUIVALENTS</b>	<b>3.06</b>	<b>6.38</b>	<b>1.84</b>

#### Notes :-

- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

### Annexure No. 20. RESTATED STANDALONE STATEMENT OF SHORT-TERM LOANS AND ADVANCES :

	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>Other loans and advances:</b>			
a Loans to Employee	1.03	1.27	0.12
b Advance to suppliers of goods & services	60.02	67.57	61.23
<b>TOTAL: SHORT-TERM LOANS AND ADVANCES</b>	<b>61.05</b>	<b>68.84</b>	<b>61.34</b>

#### Notes :-

- Advance given to suppliers have been taken as certified by the management of the company.
- No Securities have been taken by the company against the advance given to suppliers.
- The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

<b>Annexure No. 21. RESTATED STANDALONE STATEMENT OF OTHER CURRENT ASSETS :</b>			
	<b>AS AT 31.03.2019</b>	<b>AS AT 31.03.2018</b>	<b>AS AT 31.03.2017</b>
<b>Unsecured, considered good unless stated otherwise</b>			
<b>Other Assets:</b>			
1 Advance Tax & TDS current year	68.83	43.82	71.98
2 Pre-paid Expense	2.20	2.43	2.32
3 Balances with Govt. Authorities	0.35	-	10.33
4 Other (Interest Receivable)	1.54	2.00	0.27
<b>TOTAL: OTHER CURRENT ASSETS</b>	<b>72.92</b>	<b>48.25</b>	<b>84.90</b>

**Notes :-**

- 1 The figures disclosed above are based on the restated standalone summary statement of assets and liabilities of the company.
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

# PAR DRUGS AND CHEMICALS LIMITED

## NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

(Amount ₹ In Lakhs)

<b>Annexure No. 22. RESTATED STANDALONE STATEMENT OF REVENUE FROM OPERATIONS :</b>			
	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Sales of Products</b>			
Finished Goods Sold during the year:	4,555.21	4,200.14	4,662.88
	<b>4,555.21</b>	<b>4,200.14</b>	<b>4,662.88</b>
<b>Other Operating Revenue</b>			
Job Work Income	53.42	33.17	198.34
Discount, Kasar & Rebate	4.52	3.28	9.00
Duty Draw back & DEPB Licence Sales Income	19.18	1.05	6.39
	<b>77.12</b>	<b>37.50</b>	<b>213.72</b>
<b>TOTAL: REVENUE FROM OPERATIONS</b>	<b>4,632.33</b>	<b>4,237.64</b>	<b>4,876.61</b>
<b>Details of Sales of Products:</b>			
Magnesium Hydroxide	1,081.94	986.22	966.65
Alluminium Hydroxide	594.77	668.49	616.38
Sucralfate	659.21	622.58	678.18
Precipitated Silica	1,409.99	1,296.78	1,766.01
Magnesium Trisilicate	172.45	190.44	187.55
Magaldrate	233.73	178.90	185.09
Magnesium Oxide	155.50	134.36	74.54
Allusil (Sodium All. Silicate)	156.31	35.11	104.85
Magnesium Alluminium Silicate	55.49	73.10	48.96
Magnesium Carbonate	35.22	12.79	32.61
Almagate	-	0.39	-
Copper sulphate	-	-	-
Others	0.61	0.98	2.07
<b>Total</b>	<b>4,555.21</b>	<b>4,200.14</b>	<b>4,662.88</b>

### Notes:

- The figures disclosed above are based on the restated standalone statement of profit & loss of the
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.
- Bifercation of domestic and export sales are as under:

<b>Sr No</b>	<b>Country</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
1	India	4069.31	4084.26	4310.31
2	UK	0.63	0.00	17.09
3	Iran	114.48	11.54	87.19
4	Germany	16.77	16.44	33.32
5	Bangladesh	330.59	45.05	193.41
6	UAE	1.82	1.97	2.55
7	Canada	1.97	1.88	0.00
8	Thailand	16.18	32.47	14.91
9	Colambia	1.46	1.31	1.36
10	South Korea	0.00	0.00	2.75
11	Jordan	0.00	1.28	0.00
12	HongKong	1.61	3.94	0.00
13	Japan	0.39	0.00	0.00



**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

<b>Annexure No. 23. RESTATED STANDALONE STATEMENT OF OTHER INCOME :</b>			
	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
Interest Income	8.87	4.00	3.47
Profit On Sale of Vehicle	-	-	0.83
<b>TOTAL: OTHER INCOME</b>	<b>8.87</b>	<b>4.00</b>	<b>4.30</b>

**Notes:**

- 1 The figures disclosed above are based on the restated standalone statement of profit & loss of the
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.
- 3 Other Income includes Interest income from deposits & FDR which are recurring in nature while profit on sale of vehicle is non recurring in nature.

<b>Annexure No. 24. RESTATED STANDALONE STATEMENT OF COST OF MATERIAL CONSUMED :</b>			
	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Raw Materials Consumed</b>			
Inventory at the beginning of the year	38.69	27.57	43.13
Add: Purchases	1,917.08	1,805.28	1,943.55
	<b>1,955.77</b>	<b>1,832.85</b>	<b>1,986.68</b>
Less: Inventory at the end of the year	(33.74)	(38.69)	(27.57)
<b>TOTAL: COST OF RAW MATERIAL</b>	<b>1,922.04</b>	<b>1,794.16</b>	<b>1,959.12</b>
<b><u>Details of Raw Materials Consumed:</u></b>			
Sodium Silicate	749.14	607.11	773.17
Caustic Soda Lye	522.70	510.42	449.84
Soda Ash	130.08	164.11	210.58
Dried Aluminium Hydroxid	-	100.49	244.47
Allum.Hydro Cake/gel	181.39	162.98	103.15
Magnesium Oxide (Light)	149.08	122.43	63.66
Lime	75.97	48.98	52.94
Sulphuric Acid	33.37	29.97	17.26
Caustic Soda Flake	11.10	16.78	6.12
Magnesium Chloride	-	1.58	4.31
Bitern	10.81	6.67	6.53
Alluminium Sulphate	17.52	3.69	11.51
Magnesium Carbonate (Light)	14.62	-	-
Other Materials	26.26	18.94	15.58
<b>Total</b>	<b>1,922.04</b>	<b>1,794.16</b>	<b>1,959.12</b>

**Notes:**

- 1 The figures disclosed above are based on the restated standalone statement of profit & loss of the Company.
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

**Annexure No. 25. RESTATED STANDALONE STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS :**

	2018-19	2017-18	2016-17
<b>Inventories at the end of the year</b>			
Finished Good	253.75	223.18	248.49
Semi-Finished Good	98.55	129.23	102.43
	<b>352.30</b>	<b>352.41</b>	<b>350.92</b>
<b>Inventories at the beginning of the year</b>			
Finished Good	223.18	248.49	193.88
Semi-Finished Good	129.23	102.43	304.62
	<b>352.41</b>	<b>350.92</b>	<b>498.51</b>
<b>TOTAL CHANGE (Net)</b>	<b>0.11</b>	<b>(1.49)</b>	<b>147.58</b>

**Notes:**

- 1 The figures disclosed above are based on the restated standalone statement of profit & loss of the Company.
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**Annexure No. 26. RESTATED STANDALONE STATEMENT OF EMPLOYEE BENEFIT EXPENSE :**

	2018-19	2017-18	2016-17
Salary and Wages	168.48	165.14	141.93
Bonus	16.58	14.64	13.76
Remuneration to Directors	142.66	145.00	142.00
Contribution to Provident and Other Funds	18.57	17.33	15.96
Provision for Gratuity	10.76	3.37	7.82
Staff welfare expenses	6.86	3.73	5.00
<b>TOTAL: EMPLOYEE BENEFITS EXPENSE</b>	<b>363.91</b>	<b>349.20</b>	<b>326.48</b>

**Notes:**

- 1 The figures disclosed above are based on the restated standalone statement of profit & loss of the Company.
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

# PAR DRUGS AND CHEMICALS LIMITED

## NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

(Amount ₹ In Lakhs)

<b>Annexure No. 27. RESTATED STANDALONE STATEMENT OF FINANCE COSTS :</b>			
	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
Interest on Long term borrowings to Banks	55.16	90.68	148.12
Interest on Short term borrowings to Banks	40.22	80.22	79.01
Interest on Unsecured loans	85.77	28.22	17.05
Bank charges & Processing Fees	15.15	34.11	5.90
<b>TOTAL: FINANCE COSTS</b>	<b>196.30</b>	<b>233.23</b>	<b>250.08</b>

### Notes:

- 1 The figures disclosed above are based on the restated standalone statement of profit & loss of the Company.
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

<b>Annexure No. 28. RESTATED STANDALONE STATEMENT OF DEPRECIATION AND AMORTIZATION EXP</b>			
	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
Depreciation on tangible assets	303.70	313.58	282.00
<b>TOTAL: DEPRECIATION AND AMORTIZATION EXPS</b>	<b>303.70</b>	<b>313.58</b>	<b>282.00</b>

### Notes:

- 1 The figures disclosed above are based on the restated standalone statement of profit & loss of the Company.
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

<b>Annexure No. 29. RESTATED STANDALONE STATEMENT OF OTHER EXPENSES :</b>			
	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Manufacturing expenses</b>			
Factory Expense	54.92	46.58	68.75
Freight & Transportation	176.45	197.54	217.63
Fuel & Fire wood	505.39	374.07	467.63
VAT charges	-	0.11	5.35
Laboratory Expenses	5.43	2.57	2.17
Machinery Repairs & Maintanance	70.38	104.33	119.70
Electricity Expenses	217.67	175.60	233.82
Packing material consumed	115.70	108.85	141.34
Stores & Spares	8.80	1.44	1.94
Testing Expense	5.04	4.63	2.84
Water, Dranage & Development Charges	166.99	144.22	143.65
<b>Administrative expenses</b>			
Auditor's Remuneration	1.50	0.50	0.50
Charity & Donation	1.01	1.35	4.97
Communication Expense	2.75	3.74	3.68
Exchange Rate Difference	1.15	0.06	-
Insurance Premium	23.19	7.77	6.48
Legal & Professional Fees	45.10	8.49	6.99

## PAR DRUGS AND CHEMICALS LIMITED

### NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

	(Amount ₹ In Lakhs)		
Other Administrative Expense	24.97	21.20	19.40
Rates & Taxes	11.68	15.13	33.08
Sales & Distribution Expense	78.13	66.88	104.41
Sales Commission	3.27	1.95	0.75
Traveling & Conveyance Expense	0.08	1.10	4.31
Vehicle Running & Maintenance	7.18	9.56	7.92
<b>TOTAL: OTHER EXPENSES</b>	<b>1,526.77</b>	<b>1,297.66</b>	<b>1,597.31</b>
<b>Payment to Auditor includes</b>			
Statutory Audit Fees	1.50	0.50	0.50
Other Fees	-	-	-
<b>Expenditure in Foreign Currency</b>			
Traveling	-	-	2.84

**Notes:**

- The figures disclosed above are based on the restated standalone statement of profit & loss of the Company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

#### Annexure No. 30. RESTATED STANDALONE STATEMENT OF CONTINGENT LIABILITIES :

	2018-19	2017-18	2016-17
<u>Contingent liabilities in respect of:</u>			
1 Claims against the company not acknowledged as debts	-	-	-
2 Bank Gaurantee issued by bank	-	-	-
Union Bank of India	-	-	18.25
Kotak Mahindra Bank	19.50	19.50	-
3 Bills discounted from bank	-	-	-
4 Letter of credit outstanding	-	-	-

**Notes:**

- The figures disclosed above are based on the restated standalone statement of profit & loss of the Company.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.
- The company has system of providing accumulating compensating absences non-vesting and hence no provision is made in the books of accounts for the leaves.

# PAR DRUGS AND CHEMICALS LIMITED

## NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT

(Amount ₹ In Lakhs)

<b>Annexure No. 31. RESTATED STANDALONE STATEMENT OF ACCOUNTING RATIOS :</b>			
	<b>AS AT 31.03.2019</b>	<b>AS AT 31.03.2018</b>	<b>AS AT 31.03.2017</b>
Net Worth (A)	2,911.73	2,069.86	1,920.34
Net Worth excluding Preference Share Capital (A-1)	2,911.73	1,494.86	1,345.34
Restated Profit after tax	241.88	149.53	184.78
Less: Prior Period Item	-	-	-
<b>Adjusted Profit after Tax (B)</b>	<b>241.88</b>	<b>149.53</b>	<b>184.78</b>
Number of Equity Share outstanding as on the End of Year/Period (C)	44.80	27.00	27.00
Weighted average no of Equity shares at the time of end of the year (D)	44.80	27.00	27.00
Current Assets (E)	1,418.40	1,402.68	1,358.22
Current Liabilities (F)	1,245.55	1,667.03	1,959.30
Face Value per Share	10.00	10.00	10.00
<b>EBITDA Ratio</b>			
Restated Profit after tax	241.88	149.53	184.78
Add : Finance Cost	196.30	233.23	250.08
Add : Provision for Tax	86.49	105.77	133.55
Add : Depreciation	303.70	313.58	282.00
Add : Amortization Expenses	-	-	-
<b>EBITDA</b>	<b>828.37</b>	<b>802.12</b>	<b>850.41</b>
Earnings Per Share			
Restated Basic and Diluted Earnings Per Share ( ₹ ) (B/D)	5.40	5.54	6.84
Return on Net worth (%) (B/A)	8.31%	7.22%	9.62%
Return on Equity Net worth % (B/A-1)	8.31%	10.00%	13.73%
Net asset value per share (A/C) (Face Value of ₹ 10 Each)	64.99	76.66	71.12
Current Ratio (E/F)	1.14	0.84	0.69

1) The ratios have been computed as below:

a. Basic and Diluted earnings per share ( ₹ ) =	$\frac{\text{Net profit available for appropriation ( as restated)}}{\text{Weighted average number of equity shares outstanding at the end of the period or year}}$
b. Return on net worth (%) =	$\frac{\text{Net profit available for appropriation ( as restated)}}{\text{Net worth at the end of the period/year}}$
c. Net assets value per share =	$\frac{\text{Net Worth at the end of the period/year}}{\text{Number of equity shares outstanding at the end of the period/ year}}$

2) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

3) Net Worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

4) The figures disclosed above are based on the standalone restated summary statements of the Company.

5) The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures 1, 2, 3 and 4.

6) EBITDA represents earnings (or profit / loss) before interest, income taxes, and depreciation and amortisation expenses

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

**Annexure No. 32. RESTATED STANDALONE STATEMENT OF RELATED PARTY TRANSACTIONS :**

Name	Relation	Nature Of Transaction	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
Vallabhbhai J Savani	Director	Director's Remuneration	31.03	43.00	43.00
		Interest Paid On Loan	59.06	-	-
		Loan Received	1,143.91	17.46	21.62
		Loan Paid	1,487.18	16.95	5.74
		Closing balance	380.43	664.63	664.13
		Closing balance-Salary	19.41	6.76	2.24
Falgun V SAVANI	Director	Director's Remuneration	36.46	33.00	32.00
		Interest Paid On Loan	0.08	-	-
		Loan Received	0.90	6.00	0.40
		Loan Paid	1.89	6.93	8.80
		Closing balance	-	0.90	1.83
		Closing balance-Salary	3.80	1.81	1.86
Jigneshbhai V SAVANI	Director	Director's Remuneration	36.46	33.00	32.00
		Interest Paid On Loan	1.32	-	-
		Loan Received	19.43	7.10	10.48
		Loan Paid	33.78	3.33	11.17
		Closing balance	-	13.03	9.26
		Closing balance-Salary	16.27	2.38	1.54
Ghanshyambhai B SAVANI	Director	Director's Remuneration	36.46	33.00	32.00
		Interest Paid On Loan	0.49	-	-
		Loan Received	6.01	2.37	7.89
		Loan Paid	11.30	2.07	7.96
		Closing balance	-	4.81	4.51
		Closing balance-Salary	10.56	3.96	1.71
SHISHIR M TRIVEDI	Director	Director's Remuneration	2.25	3.00	3.00
		Closing balance-Salary	-	0.25	0.25
Nayanaben J savani	Director's Wife	Interest Paid On Loan	0.03	-	-
		Loan Received	0.31	-	-
		Loan Paid	0.66	0.15	-
		Closing balance	-	0.32	0.48
		Closing balance-Salary	-	0.00	0.00
Shilapben F Savani	Director's Wife	Interest Paid On Loan	0.03	-	-
		Loan Received	0.32	-	-
		Loan Paid	0.68	0.15	-
		Closing balance	-	0.32	0.47
		Closing balance-Salary	-	0.01	0.01
Saritaben v Savani	Director's Wife	Interest Paid On Loan	0.00	-	-
		Loan Received	0.05	-	-
		Loan Paid	0.10	0.23	0.07
		Closing balance	-	0.05	0.28
		Closing balance-Salary	-	-	0.00
Par Pharmaceuticals	Sister Concern	Loan Paid	0.19	-	-
		Closing balance	-	0.19	0.19
Vallabhbhai J Savani HUF	Director's HUF	Interest Paid On Loan	9.62	10.14	5.53

		Loan Received	17.95	21.43	44.15
		Loan Paid	124.76	10.21	12.89
		Closing balance	-	97.19	75.84
Falgun V SAVANI HUF	Director's HUF	Interest Paid On Loan	3.68	3.50	1.93
		Loan Received	6.31	16.20	25.09
		Loan Paid	47.69	18.50	2.18
		Closing balance	-	37.71	36.51
Jigneshbhai V SAVANI HUF	Director's HUF	Interest Paid On Loan	4.69	4.73	1.73
		Loan Received	8.80	12.81	28.05
		Loan Paid	61.39	5.93	4.93
		Closing balance	-	47.90	36.29
Ghanshyambhai B SAVANI HUF	Director's HUF	Interest Paid On Loan	4.07	4.46	1.86
		Loan Received	7.65	12.89	22.50
		Loan Paid	56.98	5.66	2.61
		Closing balance	-	45.26	33.57
Phal-Jig Fine Chemicals Pvt Ltd	Sister Concern	Loan Paid	0.24	5.70	0.15
		Loan Received	6.25	-	-
		Closing balance	0.06	6.07	0.37

**Notes :**

1. The figures disclosed above are based on the restated standalone statement of assets and liabilities of the Company.
2. The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.
3. List Company/entity owned or significantly influenced by directors, Key Management Personnels and Relative of Key Management Personnels have been determined by the Management and relied upon by the Auditors. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
4. Loan paid figures in FY 2018-19 includes conversion of unsecured loan to equity shares.



**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

**Annexure No. 33. RESTATED STANDALONE STATEMENT OF SEGMENT REPORTING :**

Considering the Geographies of operation of the Company named business activity operates from the unit at Bhavnagar and Ankleshwar, the Information by Geographies as per segment disclosure under AS-17 are as under:

Sr No	Particulars	2018-19		2017-18		2016-17	
		Bhavnagar Unit	Ankleshwar Unit	Bhavnagar Unit	Ankleshwar Unit	Bhavnagar Unit	Ankleshwar Unit
1	<b>SEGMENT REVENUE</b>						
	External Sales & Operating Revenue	4,617.84	14.49	4,193.85	33.68	4,653.51	127.11
	Inter-segment Sales & Operating Revenue	-	-	-	10.11	-	95.99
	<b>Total Revenue from Operations</b>	<b>4,617.84</b>	<b>14.49</b>	<b>4,193.85</b>	<b>43.79</b>	<b>4,653.51</b>	<b>223.10</b>
2	<b>SEGMENT RESULT</b>						
	Operating Expenses from Segments	3,733.03	94.26	3,343.33	130.32	3,886.51	149.89
	Profit from Segments before Interest, Other Income Taxes, Depreciation and Exceptional Items	884.81	(79.76)	850.52	(86.52)	767.00	73.21
3	<b>OTHER INFORMATION</b>						
	Segment Assets	4,742.57	392.98	4,995.16	398.73	5,139.41	464.73
	Segment Liabilities	2,212.33	11.48	3,305.11	18.91	3,666.78	17.03

**Notes :**

- 1 The figures disclosed above are based on the restated standalone statement of assets and liabilities and profit & loss of the Company.
- 2 The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

**Annexure No. 34. RESTATED STANDALONE STATEMENT OF CAPITALIZATION :**

(Amount ₹ In Lakhs)		
Particulars	Pre-Issue figures	As Adjusted for the proposed issue
<b>Debt</b>		
Short Term Debt	431.91	431.91
Long Term Debt	726.17	726.17
<b>Total Debt</b>	<b>1,158.09</b>	<b>1,158.09</b>
<b>Shareholder's Funds</b>		
Share Capital	448.03	615.23
Reserve and Surplus-As Restated	2,463.70	3,149.22
<b>Total Shareholder's Fund</b>	<b>2,911.73</b>	<b>3,764.45</b>
<b>Long Term Debt/Shareholder's Fund</b>	<b>0.25</b>	<b>0.19</b>
<b>Total Debt/Shareholder's Fund</b>	<b>0.40</b>	<b>0.31</b>

**Notes:**

(1) Short term Debts represent the debts which are expected to be paid/payable within 12 months and excludes installment of term loans repayable within 12 months.

(2) Long term Debts represent debts other than Short term Debts as defined above but includes installment of term loans repayable within 12 months grouped under "Other Current Liabilities".

(3) The figures disclosed above are based on restated standalone statement of Assets and Liabilities of the Company as at 31st March, 2019.

(4) The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.

**PAR DRUGS AND CHEMICALS LIMITED**

**NOTES TO RESTATED STANDALONE FINANCIAL STATEMENT**

(Amount ₹ In Lakhs)

**Annexure No. 35. RESTATED STANDALONE STATEMENT OF TAX SHELTER :**

Sr No.	Particulars	AS AT 31.03.2019	AS AT 31.03.2018	AS AT 31.03.2017
<b>A</b>	Profit before taxes as restated	328.37	255.30	318.33
<b>B</b>	Normal Corporate Tax Rate (%)	27.82%	27.55%	33.06%
<b>C</b>	MAT Rate (%)	20.59%	20.39%	20.39%
	<b>Adjustments:</b>			
<b>D</b>	<b>Permanent Differences</b>			
	Expenses Disallowed under the Income Tax Act, 1961	0.21	2.26	1.06
	Interest on Income Tax	0.80	1.08	0.43
	Donation	1.01	1.35	4.97
	<b>Total Permanent Differences</b>	<b>2.02</b>	<b>4.70</b>	<b>6.46</b>
<b>E</b>	<b>Income Considered Separately</b>	<b>(8.87)</b>	<b>(4.00)</b>	<b>(3.47)</b>
<b>F</b>	<b>Timing Difference</b>			
	Depreciation as per Books	303.70	313.58	282.00
	Depreciation as per Income Tax	(288.72)	(331.49)	(381.19)
	Gratuity	-	3.37	7.82
	<b>Total Timing Differences</b>	<b>14.98</b>	<b>(14.54)</b>	<b>(91.38)</b>
<b>G</b>	<b>Net Adjustment (D+E+F)</b>	<b>8.13</b>	<b>(13.84)</b>	<b>(88.38)</b>
<b>H</b>	<b>Tax Expenses / (Saving) thereon (G x B)</b>	<b>2.26</b>	<b>(3.81)</b>	<b>(29.22)</b>
<b>I</b>	<b>Income from other sources</b>	<b>8.87</b>	<b>4.00</b>	<b>3.47</b>
<b>J</b>	<b>Exempt Income</b>	-	-	-
<b>K</b>	<b>Income / (Loss) (A+G+I-J)</b>	<b>345.37</b>	<b>245.46</b>	<b>233.41</b>
<b>L</b>	Brought Forward Loss Set off			
	- Ordinary Business Loss	-	-	-
	- Unabsorbed Depreciation	101.37	245.46	233.41
	<b>Total (L)</b>	<b>101.37</b>	<b>245.46</b>	<b>233.41</b>
<b>M</b>	Allowable Deduction under the Income Tax Act	<b>0.36</b>	-	-
<b>N</b>	Profit/(Loss) as per Income tax (K-L)	243.64	-	-
<b>O</b>	Tax as per Normal Provision	67.78	-	-
<b>P</b>	MAT Credit Utilized	(0.18)	-	-
<b>Q</b>	<b>Tax Liability, After Considering the effect of MAT Credit (O-P)</b>	67.96	-	-
<b>R</b>	Book Profit as per MAT	328.37	255.30	318.33
<b>S</b>	Tax liability as per MAT (R x C)	67.60	52.05	64.90
	Current tax being higher of "O" or "S"	67.78	52.05	64.90
	Loss to be carried forward	-	-	-
	MAT credit entitlement	-	52.05	64.90
	Total Tax as per Return of Income (Before interest under section 234A, B and C of the Income Tax Act, 1961)	(Note-3)	52.96	66.59
<b>T</b>	<b>Tax paid as per "MAT" or "Normal Provision"</b>	Normal Provision	MAT	MAT

**Notes:-**

- The aforesaid statement of tax shelters has been prepared as per the restated standalone statement of profits and losses of the Company. The permanent/timing differences have been computed considering the acknowledged copies of the income-tax return of the respective years stated above. The changes in the tax liability and the interest thereon arising on account of assessment proceedings, notices, appeals etc. has been adjusted in the tax liability of the year to which the liability pertains.
- The above statement should be read with the restated standalone statement of assets and liabilities, restated standalone statement of profit and loss, restated standalone statement of cash flow, significant accounting policies and notes to restated summary statements as appearing in Annexures 1, 2, 3 and 4(A) respectively.
- As the Income Tax return can not be filed by the Company for the period of March 31, 2019, the actual tax payment in Income tax return filed by the company can not be determined.

## **OTHER FINANCIAL INFORMATION**

For Details on other financial information please refer to Annexure – XXXI - Restated Standalone Statement of Accounting Ratios on page F-33, under the chapter titled ‘Financial Statements as Restated’ beginning on page 166 of this Prospectus.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION

*You should read the following discussion of our financial position and results of operations together with our Restated Financial Statements which have been included in this Prospectus. The following discussion and analysis of our financial position and results of operations is based on our Restated Financial Statements for years ended on March 31, 2019, 2018 and 2017 including the related notes and reports, included in this Prospectus prepared in accordance with requirements of the Companies Act and restated in accordance with the SEBI Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Our Financial Statements, as restated have been derived from our audited financial statements for the respective years. Accordingly, the degree to which our Restated Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian GAAP, Companies Act, SEBI Regulations and other relevant accounting practices in India.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Risk Factors" and "Forward Looking Statements" beginning on pages 26 and 19 respectively, and elsewhere in this Prospectus.*

*Our Financial Year ends on March 31 of each year. Accordingly, all references to a particular Financial Year are to the 12 months ended March 31 of that year.*

### OVERVIEW

Our Company is engaged in the development and manufacture of Active Pharma Ingredients ("APIs") for the domestic market as well as for exports to international markets. APIs, also known as "bulk drugs" or "bulk actives" are the principal ingredient used in making finished dosages in the form of capsules, tablets, liquid, or other forms of dosage, with the addition of other APIs or inactive ingredients. We currently produce various range of Antacid Molecules which are available in the market and are in great demand.

We currently own and operate two manufacturing facilities at Bhavnagar and Ankleshwar in the Gujarat. We currently have three Manufacturing Blocks at our Bhavnagar Facility for different products. Our Bhavnagar facility certified by food & drugs control administration. During the year 2011, we have added two manufacturing Block out of three at our Chitra, Bhavnagar facility. One is dedicated facility for our Main API and another one is for Fine Chemicals.

Our product portfolio presently comprises 16 APIs and 7 Fine Chemical which are marketed domestically and exported. We supply our products to approximately 16 countries, including both direct and indirect exports. Our key customers include Pfizer Ltd., Cipla Ltd., Cadila Healthcare Ltd., Meyer Organics Pvt. Ltd., Dabur India Ltd.

Our pharmaceutical business is organized into domestic and international operations, according to the geographies in which we operate. For Fiscal 2018, our domestic and international operations accounted for 89.33% and 10.67%, respectively, of total sales revenue from finished goods.

Our manufacturing facility is equipped with requisite infrastructure including machinery, other handling equipment to facilitate smooth manufacturing process. We endeavour to maintain safety in our premises by adhering to key safety norms. We have in-house testing laboratory to test our raw materials and finished products to match the quality standards and as specified and required by the customers.

### SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL PERIOD

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Prospectus, there have not arisen 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.

## **FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “*Risk Factors*” beginning on page 26 of this Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Highly regulated and controlled industry;
- Competition and price cutting from existing and new entrants;
- Brand image;
- Economic and Demographic conditions; and
- Changes in laws and regulations that apply to API Industry in domestic and international market.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **1) Use of Estimates:**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the use-full lives of fixed tangible assets and intangible assets. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### **2) Fixed Assets & Depreciation:**

All items of fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred

Depreciation on fixed assets is provided as per WDV method based on the useful life of various assets, as specified in Schedule II of the Companies Act, 2013. Pursuant to Companies Act, 2013 ('the Act') being effective from April 1, 2014, the Company has revised depreciation rates on tangible fixed assets as per useful life specified in Part 'C' of Schedule II of the Act. And due to the same there has been a change in the estimated useful life of depreciable tangible assets which affects the depreciation in the current period and in each period during the remaining useful life of the assets. As the change is only in regard to accounting estimate requiring an adjustment of the carrying amount of tangible assets. The same do not require adjustment in the financial information for the years ended on March 31, 2014.

### **3) Impairment of Assets:**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. Impairment loss is charged to the Statement of Profit and Loss 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.

#### **4) Investments:**

Investments, which are readily realizable and intended to be held for not more than 12 months from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments

#### **5) Inventories :** The inventories are valued on the following basis :

- a) Raw Materials : Valued at Cost Price.
- b) Finished goods : Valued at lower of Cost or Net Realizable Value.
- c) Stock in Process: Valued at Cost Price.

#### **6) Employee Benefits:**

All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

The Company's contribution to Provident Fund and Employees State Insurance Scheme is determined based on a fixed percentage of the eligible employees' salary and charged to the Statement of Profit and Loss on accrual basis.

The Company's liability towards gratuity and compensated absences, being defined benefit plans are accounted for on the basis of an independent actuarial valuation and actuarial gains/losses are charged to the Statement of Profit and Loss.

#### **7) Revenue Recognition:**

- (A) Revenue/income and Cost / Expenditure are generally accounted on accrual basis as they are earned or incurred, except those with significant uncertainties.
- (B) Sales are recognized at the point of dispatch of goods to the customers. Sales are net of discounts, sales tax, excise, GST and returns.
- (C) Interest income is recognized on time proportion basis.
- (D) Dividend on Investments is accounted when approved by the shareholders' in the annual general meeting.
- (E) Insurance claim receivable is recognized in the year of the loss to the extent ascertainable.
- (F) The CENVAT / GST Credit available on purchase of raw materials / capital items and other eligible inputs are adjusted against Excise Duty payable on clearance of finished goods.

#### **8) Foreign Currency Transaction :**

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates.

The difference in translation of monetary assets and liabilities and realized gains and losses on foreign transactions are recognized in the Statement of Profit and Loss.

The premium or discount on forward exchange contracts is recognized in the statement of profit and loss over the period of the contract.



#### **9) Accounting For Government Grants/Refunds:**

Government grants/subsidies and refunds due from Government Authorities are accounted when there is reasonable certainty of their realization.

#### **10) Taxation :**

Tax expenses comprise current tax (amount of tax for the period determined in accordance with the Income Tax Regulations in India) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date, Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, when there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain, as the case may be, to be realized

Tax credit is recognized in respect of Minimum Alternate Tax (MAT) as per the provisions of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and is reviewed at each Balance Sheet date.

#### **11) Borrowing Cost:**

Borrowing Costs relating to the acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charge to revenue.

#### **12) Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares outstanding at the end of the year. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding at the end of the year.

#### **13) Provisions, Contingent Liabilities & Contingent Assets:**

The Company recognizes as provisions, the liability being present obligations arising from past events, the settlement of which is expected to result in outflow of resources and which can be measured only by using a substantial degree of estimation. Contingent liabilities are disclosed by way of a note to the financial statement after careful evaluation by the management of the facts and legal aspect of the matters involved. Contingent assets are being neither recognized nor disclosed.

#### **14) Current Assets, Loans And Advances:**

The balance under items of Sundry Debtors, Loans and Advances and current liabilities are subject to confirmation and reconciliation and consequential adjustments, wherever applicable. However, in the opinion of the Management, the realizable value of the current assets, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.

#### **15) Cash Flow**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments

and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

## **16) Segment Reporting**

### **Business Segment**

As Company is dealing in only one segment i.e. manufacturing of API, hence segment reporting is not applicable. Company does not have distinguishable component of an enterprise that is engaged in providing an individual product or service or group of related product or services and that is subject to risks and returns that are different from those of other business segment.

### **Geographical Segment**

The Company operates in two geographical area namely “Bhavnagar, Gujarat” and “Ankleshwar, Gujarat”. Disclosure requirement as per AS-17 is given by way of notes to financial statement.

## **OVERVIEW OF REVENUE AND EXPENSES**

### **Revenue and Expenses**

Our revenue and expenses are reported in the following manner:

#### ***Total Revenue***

Our Total Revenue comprises of revenue from operations and other income.

#### ***Revenue from operations***

Our revenue from operations comprises of revenue from sale of Active Pharma Ingredients (“APIs”) which majorly includes precipitated silica, magnesium hydroxide, Sucralfate, aluminium hydroxide, Magaldrate, magnesium Trisilicate, Allusil (sodium all. silicate), magnesium oxide, magnesium aluminium silicate, magnesium carbonate among others which are used as principal ingredient in making finished dosages in the form of capsules, tablets, liquid, or other forms of dosage. Our revenue from operations also includes other operating income in the nature of job work income, discount income and duty drawback & sale of export license income.

#### ***Other Income***

Our other income mainly includes interest income on deposits from banks & others and profit on sale of vehicle.

#### ***Expenses***

Our total expenses excluding taxes comprise of cost of material consumed, changes in inventories of finished goods and work-in-progress, employee benefit expenses, finance costs, depreciation & amortisation expenses and other expenses.

#### ***Cost of material consumed***

Our cost of material consumed include purchase of raw materials which majorly include sodium silicate, caustic soda lye, aluminium hydro cake, magnesium oxide, soda ash, lime and magnesium carbonate among others and the net increase or decrease in raw material stock at the beginning & end of the year.

#### ***Changes in inventories of finished goods and work-in-progress***

Changes in inventories of finished goods and work-in-progress consists of change in our inventories of finished goods & semi-finished goods as at the beginning and end of the year.

#### ***Employee benefit expenses***

Our employee benefit expenses mainly include salaries & wages, bonus expense, directors’ remuneration, contribution to provident and other funds, gratuity expense and staff welfare expenses.

### Finance costs

Our finance costs mainly include interest on long term secured and unsecured borrowings, interest on short term secured borrowings, bank charges and other financial charges etc.

### Depreciation and amortisation expenses

Our depreciation and amortisation expenses comprise of depreciation on tangible fixed assets.

### Other expenses

Our other expenses comprises of manufacturing and administrative expenses. Our manufacturing expenses includes electricity expense, factory expense, freight & transportation expense, fuel & fire wood charges, laboratory expenses, machinery repairs & maintenance expenses, vat charges, packing material consumed, stores & spares, testing expense, water and drainage & development charges. Our administrative expense includes auditor's remuneration, charity & donation charges, communication expense, exchange rate difference expense, insurance expenses, legal & professional fees, rates & taxes, sales & distribution expenses, sales commission, traveling & conveyance expense, vehicle running & maintenance charges and other administrative expenses.

### Our Results of Operations

The following table sets forth select financial data from our restated financial statement of profit and loss for the financial years ended March 31, 2019, 2018 and 2017, the components of which are also expressed as a percentage of total revenue for such periods:

Particulars	For the Year ended March 31, 2019		For the Year ended March 31, 2018		For the Year ended March 31, 2017	
	₹ in Lakhs	(%)*	₹ in Lakhs	(%)*	₹ in Lakhs	(%)*
<b>Total Revenue:</b>						
Revenue from operations	4632.33	99.81%	4237.64	99.91%	4876.61	99.91%
Other income	8.87	0.19%	4.00	0.09%	4.30	0.09%
<b>Total Revenue</b>	<b>4641.20</b>	<b>100.00%</b>	<b>4241.65</b>	<b>100.00%</b>	<b>4880.90</b>	<b>100.00%</b>
<b>Expenses:</b>						
Cost of Material Consumed	1922.04	41.41%	1794.16	42.30%	1959.12	40.14%
Changes in Inventory	0.11	0.00%	(1.49)	(0.04%)	147.58	3.02%
Employee benefit expenses	363.91	7.84%	349.20	8.23%	326.48	6.69%
Finance costs	196.30	4.23%	233.23	5.50%	250.08	5.12%
Depreciation and amortization expenses	303.70	6.54%	313.58	7.39%	282.00	5.78%
Other expenses	1526.77	32.90%	1297.66	30.59%	1597.31	32.73%
<b>Total Expenses</b>	<b>4312.83</b>	<b>92.92%</b>	<b>3986.35</b>	<b>93.98%</b>	<b>4562.57</b>	<b>93.48%</b>

Particulars	For the Year ended March 31, 2019		For the Year ended March 31, 2018		For the Year ended March 31, 2017	
	₹ in Lakhs	(%)*	₹ in Lakhs	(%)*	₹ in Lakhs	(%)*
<b>Profit before exceptional, extraordinary items and tax</b>	<b>328.37</b>	<b>7.08%</b>	<b>255.30</b>	<b>6.02%</b>	<b>318.33</b>	<b>6.52%</b>
Extraordinary and Exceptional items	-	-	-	-	-	-
<b>Profit before tax</b>	<b>328.37</b>	<b>7.08%</b>	<b>255.30</b>	<b>6.02%</b>	<b>318.33</b>	<b>6.52%</b>
Tax expense						
(i) Current tax	67.78	1.46%	52.05	1.23%	64.90	1.33%
(ii) Deferred tax	18.71	0.40%	53.72	1.27%	68.65	1.41%
<b>Total Tax Expense</b>	<b>86.49</b>	<b>1.86%</b>	<b>105.77</b>	<b>2.49%</b>	<b>133.55</b>	<b>2.74%</b>
<b>Profit for the year</b>	<b>241.88</b>	<b>5.21%</b>	<b>149.53</b>	<b>3.53%</b>	<b>184.78</b>	<b>3.79%</b>

\* (%) column represents percentage of total revenue.

## FINANCIAL YEAR 2018-19 COMPARED WITH FINANCIAL YEAR 2017-18

### Total Revenue

Our total revenue increased by 9.42% to ₹ 4,641.20 lakhs for the financial year 2018-19 from ₹ 4,241.65 lakhs for the financial year 2017-18 due to the factors described below:

#### Revenue from operations

Our revenue from operations increased by 9.31% to ₹ 4,632.33 lakhs for the financial year 2018-19 from ₹ 4,237.64 lakhs for the financial year 2017-18 which was on account of increase in sale of finished goods by ₹ 355.07 lakhs due to increase in export sales by ₹ 370.02 lakhs which was set off by decrease in domestic sales by ₹ 14.95 lakhs for the financial year 2017-18. Our other operating revenue increased by ₹ 39.62 lakhs due to increase in job work income by ₹ 20.24 lakhs, increase in duty drawback & sale of export license income by ₹ 18.13 lakhs and increase in discount income by ₹ 1.25 lakhs.

#### Other income

Our other income increased by 121.66% to ₹ 8.87 lakhs for the financial year 2018-19 from ₹ 4.00 lakhs for the financial year 2017-18 due to increase in interest on fixed deposits by ₹ 4.87 lakhs.

### Total Expenses

Our total expenses increased by 8.19% to ₹ 4,312.83 lakhs for the financial year 2018-19 from ₹ 3,986.35 lakhs for the financial year 2017-18, due to the factors described below:

#### Cost of material consumed

Our cost of material consumed for financial year 2018-19 increased by 7.13% to ₹ 1,922.04 lakhs for the financial year 2018-19 as compared to ₹ 1,794.16 lakhs for the financial year 2017-18 mainly due to increase in overall capacity utilisation of the Company to 91.50% in financial year 2018-19 from 84.66% in financial year 2017-18.

#### Changes in inventories of work-in-progress and finished goods:

The amount of changes in inventories of work-in-progress and finished goods was ₹ 0.11 lakhs for the financial year 2018-19 as against ₹ (1.49) lakhs for the financial year 2017-18.

#### *Employee benefits expenses*

Our employee benefit expenses increased by 4.21% to ₹ 363.91 lakhs for the financial year 2018-19 from ₹ 349.20 lakhs for the financial year 2017-18. The increase was mainly due to increase in provision for gratuity by ₹ 7.40 lakhs, salary & wages by Rs 3.34 lakhs, staff welfare expenses by ₹ 3.14 lakhs, bonus expense by ₹ 1.94 lakhs and contributions to provident & other funds by Rs 1.25 lakhs which was partially offset by decrease in director's remuneration by ₹ 2.34 lakhs. Increase in our salary & wages was due to increase in employee headcount which was 85 as on March 31, 2019 as compared to 78 as on March 31, 2018 and also due to increase in salaries of employees as a part of retention plan of the Company.

#### *Finance costs*

Our finance costs decreased by 15.84% to ₹ 196.30 lakhs for the financial year 2018-19 from ₹ 233.23 lakhs for the financial year 2018-17. The decrease was mainly on account of decrease in our interest on long term borrowings from banks by ₹ 35.52 lakhs, decrease in our interest on short term borrowings by ₹ 40.00 lakhs and decrease in bank & financial charges by ₹ 18.97 lakhs. However, the decrease was partially offset by increase in interest on unsecured borrowings by ₹ 57.55 lakhs. Decrease in interest on long term borrowings are on account of repayment of secured term loans.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense decreased by 3.15% to ₹ 303.70 lakhs for the financial year 2018-19 from ₹ 313.58 for the financial year 2017-18.

#### *Other expenses*

Our other expenses increased by 17.66% to ₹ 1,526.77 lakhs for the financial year 2018-19 from ₹ 1,297.66 lakhs for the financial year 2017-18. The increase was on account of increase in manufacturing expenses by ₹ 166.82 lakhs which was on account of increase in fuel & fire wood expenses by ₹ 131.32 lakhs, electricity expenses by ₹ 42.08 lakhs, water drainage & development charges by ₹ 22.77 lakhs, factory expenses by ₹ 8.34 lakhs, stores & spares expense by ₹ 7.36 lakhs, packing & material consumed expenses by ₹ 6.84 lakhs and laboratory expenses by ₹ 2.86 lakhs etc. amongst others. The increase was partially set off by decrease in machine repairs & maintenance expense by ₹ 33.96 lakhs, freight & transportation expenses by ₹ 21.09 lakhs and vat expense by ₹ 0.11 lakhs. The increase in our fuel & firewood expenses was mainly due to an increase in overall production of the Company. Our administrative expenses increase by ₹ 62.29 lakhs which was mainly due to increase in legal & professional fees by ₹ 36.61 lakhs, insurance premium claims by ₹ 15.42 lakhs, sales & distribution expense by ₹ 11.25 lakhs, sales commission expense by ₹ 1.32 lakhs, auditor's remuneration by ₹ 1.00 lakhs, exchange rate difference by ₹ 1.09 lakhs and other administrative expense by ₹ 3.77 lakhs etc. amongst others. However the increase was partially set off by decrease in rates & taxes by ₹ 3.45 lakhs, traveling & conveyance expense by ₹ 1.02 lakhs, vehicle running & maintenance expenses by ₹ 2.38 lakhs and communication expenses by ₹ 0.98 lakh etc. amongst others.

#### *Profit before tax*

Our profit before tax increased by 28.62% to ₹ 328.37 lakhs for the financial year 2018-19 from ₹ 255.30 lakhs for the financial year 2017-18. The increase was mainly due to the factors described above.

#### *Tax expenses*

Our tax expenses for the financial year 2018-19 amounted to ₹ 86.49 lakhs as against expenses of ₹ 105.77 lakhs for the financial year 2017-18. Decrease in tax expense was on account of decrease in deferred tax expenses by ₹ 35.01 lakhs which was partially offset by increase in current tax expenses by ₹ 15.73 lakhs.

#### *Profit after tax*

Due to reasons mentioned above, our profit after tax increased by 61.76% to ₹ 241.88 lakhs for the financial year 2018-19 from ₹ 149.53 lakhs for the financial year 2017-18.

### **FINANCIAL YEAR 2017-18 COMPARED WITH FINANCIAL YEAR 2016-17**

### **Total Revenue**

Our total revenue decreased by 13.10% to ₹ 4,241.65 lakhs for the financial year 2017-18 from ₹ 4,880.90 lakhs for the financial year 2016-17 due to the factors described below:

#### *Revenue from operations*

Our revenue from operations decreased by 13.10% to ₹ 4,237.64 lakhs for the financial year 2017-18 from ₹ 4,876.61 lakhs for the financial year 2016-17. The decrease was mainly due to decrease in finished goods sold during the year by ₹ 462.74 lakhs of which export sales decreased by ₹ 236.69 lakhs and domestic sales by ₹ 226.05 lakhs, decrease in job work income by ₹ 165.16 lakhs, decrease in discount income by ₹ 5.72 lakhs and duty drawback income by ₹ 5.34 lakhs. The decrease in sales was majorly due to decrease in overall capacity utilisation of the Company from 65% in 2016-17 to 62% in 2017-18 and also shortfall in demand and supply of our four major products which includes alusil, presipiteted silica, magnesium hydroxide and sucralfate.

*Other income:* Our other income decreased by 6.85% to ₹ 4.00 lakhs for the financial year 2017-18 from ₹ 4.30 lakhs for the financial year 2016-17 mainly due to decrease in profit on sale of vehicle by ₹ 0.83 lakh which was partially offset by increase in interest income by ₹ 0.54 lakh. During the financial year 2016-17 Company sold vehicle of book value of ₹ 21.91 lakhs however there were no sales of any fixed assets in financial year 2017-18.

### **Total Expenses**

Our total expenses decreased by 12.63% to ₹ 3,986.35 lakhs for the financial year 2017-18 from ₹ 4,562.57 lakhs for the financial year 2016-17, due to the factors described below:

#### *Cost of material consumed*

Our cost of material consumed for financial year 2017-18 decreased by 8.42% to ₹ 1,794.16 lakhs for the financial year 2017-18 as compared to ₹ 1,959.12 lakhs for the financial year 2016-17 which is in line with decrease in overall sale of finished goods as the overall capacity utilization of the Company decreases to 84.66% in financial year 2017-18 from 93.80% in financial year 2016-17.

#### *Changes in inventories of work-in-progress and finished goods:*

The amount of changes in inventories of work-in-progress and finished goods was ₹ (1.49) lakhs for the financial year 2017-18 as against ₹ 147.58 lakhs for the financial year 2016-17.

#### *Employee benefits expenses*

Our employee benefit expenses increased by 6.96% to ₹ 349.20 lakhs for the financial year 2017-18 from ₹ 326.48 lakhs for the financial year 2016-17. The increase was mainly on account of increase in salary & wages by Rs 23.20 lakhs, director's remuneration by ₹ 3.00 lakhs, contribution to provident & other funds by ₹ 1.36 lakhs and bonus expenses by ₹ 0.88 lakhs. The increase was partially offset by decrease in provision for gratuity by ₹ 4.45 lakhs and decrease in staff welfare expenses by ₹ 1.27 lakhs. Increase in employee benefit expenses was mainly due to increase in salaries of employees as a part of retention plan of the Company.

#### *Finance costs*

Our finance costs decreased by 6.74% to ₹ 233.23 lakhs for the financial year 2017-18 from ₹ 250.08 lakhs for the financial year 2016-17. The decrease was mainly on account of decrease in our interest bearing on long term borrowings from banks by ₹ 57.44 lakhs to ₹ 90.68 lakhs in the financial year 2017-18 from ₹ 148.12 lakhs in the financial year 2016-17. However, the decrease was partially offset by increase in bank & financial charges by ₹ 28.21 lakhs, interest on unsecured loans by ₹ 11.17 lakhs and interest bearing on short term borrowings by ₹ 1.21 lakhs. Decrease in interest on long term borrowings was due to decrease in interest rates due to takeover of loans from UBI to Kotak Bank in the financial year 2017-18.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense increased by 11.20% to ₹ 313.58 lakhs for the financial year 2017-18 from ₹ 282.00 lakhs for the financial year 2016-17. The gross block of fixed assets increased by ₹ 63.89 lakhs during the financial year 2017-18. This was due to increase in depreciation on tangible assets mainly due



to addition on new plant & equipments, vehicles, office equipment, laboratory equipment, computer & data processing unit, and furniture & fixture during the financial year 2017- 18.

#### *Other expenses*

Our other expenses decreased by 18.76% to ₹ 1297.66 lakhs for the financial year 2017-18 from ₹ 1597.31 lakhs for the financial year 2016-17. The decrease was on account of decrease in manufacturing expense by ₹ 244.87 lakhs which was on account of decrease in fuel & fire wood expenses by ₹ 93.56 lakhs, electricity expenses by ₹ 58.23 lakhs, packing & material consumed expenses by ₹ 32.49 lakhs, factory expenses by ₹ 22.16 lakhs, freight & transportation expenses by ₹ 20.09 lakhs, machine repairs & maintenance expense by Rs 15.37 lakhs and vat expense by ₹ 5.24 lakhs etc. amongst others. The decrease in manufacturing expenses was partially offset by mainly increase in testing expense by ₹ 1.79 lakhs, water drainage & development expenses by ₹ 0.56 lakhs and laboratory expenses by ₹ 0.40 lakhs. Our administrative expenses decreased by ₹ 54.78 lakhs which was on account of decrease in sales & distribution expense by ₹ 37.54 lakhs, rates & taxes expense by ₹ 17.95 lakhs, charity & donation expense by 3.62 lakhs and travelling & conveyance expense by 3.21 lakhs etc. amongst others. The decrease was partially offset by mainly increase in vehicle repairing & maintenance expense by ₹ 1.64 lakhs, legal & professional fees by ₹ 1.50 lakhs, insurance premium expense by ₹ 1.29 lakhs, sales commission by ₹ 1.20 lakhs other administrative expense by ₹ 1.80 lakhs etc. amongst others. The decrease in fuel & fire wood expenses was mainly due to a decrease in the overall production of the Company.

#### *Profit before tax*

Our profit before tax decreased by 19.80% to ₹ 255.30 lakhs for the financial year 2017-18 from ₹ 318.33 lakhs for the financial year 2016-17.

#### *Tax expenses*

Our tax expense for the financial year 2017-18 amounted to ₹ 105.77 lakhs as against expense of ₹ 133.55 lakhs for the financial year 2016-17. The decrease was on account of decrease in current tax expenses by ₹ 12.85 lakhs and deferred tax expenses by ₹ 14.93 lakhs.

#### *Profit after tax*

Due to reasons mentioned above, our profit after tax decreased by 19.08% to ₹ 149.53 lakhs for the financial year 2017-18 from ₹ 184.78 lakhs for the financial year 2016-17.

#### **Other Key Ratios**

The table below summaries key ratios in our Restated Financial Statements for the financial years ended March 31, 2019, 2018 and 2017:

Particulars	For the year ended March 31,		
	2019	2018	2017
Fixed Asset Turnover Ratio	1.27	1.09	1.17
Debt Equity Ratio	0.40	1.55	1.84
Current Ratio	1.14	0.84	0.69
Inventory Turnover ratio	11.08	10.52	10.19

**Fixed Asset Turnover Ratio:** This is defined as revenue from operations divided by total fixed assets based on Restated Financial Statements.

**Debt Equity Ratio:** This is defined as total debt divided by total equity shareholder funds. Total debt is the sum of long-term borrowings, short-term borrowings and current maturities of long term debt, based on Restated Financial Statements. Total equity shareholder funds is sum of equity share capital and reserve and surplus based on Restated Financial Statements.



**Current Ratio:** This is defined as current assets divided by current liabilities, based on Restated Financial Statements.

**Inventory Turnover Ratio:** This is defined as revenue from operations divided by average inventory. Average inventory is computed by dividing the sum of opening inventory and closing inventory by two, based on Restated Standalone Financial Information.

### **Cash Flow**

The table below summaries our cash flows from our Restated Financial Information for the year ended March 31, 2019, 2018 and 2017:

(₹ in lakhs)

Particulars	For the year ended March 31,		
	2019	2018	2017
Net cash (used in)/ generated from operating activities	757.72	431.83	917.24
Net cash (used in)/ generated from investing activities	(25.43)	(59.88)	(170.02)
Net cash (used in)/ generated from financing activities	(735.61)	(367.41)	(838.32)
Net increase/ (decrease) in cash and cash equivalents	(3.32)	4.53	(91.11)
Cash and Cash Equivalents at the beginning of the period	6.38	1.84	92.95
Cash and Cash Equivalents at the end of the period	3.06	6.38	1.84

### **Operating Activities**

#### **Financial year 2018-19**

Our net cash generated from operating activities was ₹ 757.72 lakhs for the financial year 2018-19. Our operating profit before working capital changes was ₹ 804.35 lakhs for the financial year 2018-19 which was primarily adjusted by payment of income tax of ₹ 77.06 lakhs, decrease in trade receivable by ₹ 20.49 lakhs, decrease in short term loans and advances by ₹ 7.80 lakhs, increase in short term provisions by ₹ 4.40 lakhs, decrease in trade payables by ₹ 32.95 lakhs, increase in inventories by ₹ 22.66 lakhs, decrease in long term loan & advances by ₹ 4.67 lakhs, increase in other current liabilities by ₹ 41.98 lakhs, increase in long term provisions by ₹ 6.36 lakhs and decrease in other current assets by ₹ 0.34 lakh.

#### **Financial year 2017-18**

Our net cash generated from operating activities was ₹ 431.83 lakhs for the financial year 2017-18. Our operating profit before working capital changes was ₹ 764.00 lakhs for the financial year 2017-18 which was primarily adjusted by payment of income tax of ₹ 36.74 lakhs, increase in inventories by ₹ 7.87 lakhs, increase in trade receivable by ₹ 61.21 lakhs, decrease in trade payables by ₹ 252.18 lakhs, decrease in long term loan & advances by ₹ 5.01 lakhs, increase in short term loans and advances by ₹ 7.50 lakhs, increase in short term provisions by ₹ 1.47 lakhs, decrease in other current assets by ₹ 8.49 lakhs, increase in long term provisions by ₹ 1.89 lakhs and increase in other current liabilities by ₹ 16.47 lakhs.

#### **Financial year 2016-17**

Our net cash generated from operating activities was ₹ 917.24 lakhs for the financial year 2016-17. Our operating profit before working capital changes was ₹ 840.21 lakhs for the financial year 2016-17 which was primarily adjusted by payment of income tax of ₹ 67.85 lakhs, increase in trade receivables by ₹ 73.58 lakhs, increase in trade payables by ₹ 134.77 lakhs, increase in short term loans and advances by ₹ 20.37 lakhs, increase in short term provisions by ₹ 1.89 lakhs, decrease in inventories by ₹ 159.00 lakhs, increase in long term loan & advances by ₹ 12.02 lakhs, decrease in other current liabilities by ₹ 45.18 lakhs, increase in long term provisions by ₹ 5.93 lakhs and increase in other current assets by ₹ 5.56 lakhs.

## **Investing Activities**

### *Financial year 2018-19*

Net cash used in investing activities was ₹ 25.43 lakhs for the financial year 2018-19. This was primarily on account of purchase of fixed assets amounting to ₹ 34.30 lakhs which was partially offset by receipt of interest income of ₹ 8.87 lakhs.

### *Financial year 2017-18*

Net cash used in investing activities was ₹ 59.88 lakhs for the financial year 2017-18 this was primarily on account of purchase of fixed assets amounting to ₹ 63.89 lakhs which was partially offset by receipt of interest of ₹ 4.00 lakhs.

### *Financial year 2016-17*

Net cash used in investing activities was ₹ 170.02 lakhs for the financial year 2016-17. This was primarily on account of purchase of fixed assets amounting to ₹ 180.99 lakhs which was partially offset by receipt of interest of ₹ 3.47 lakhs and sale of tangible fixed assets by ₹ 7.50 lakhs.

## **Financing Activities**

### *Financial year 2018-19*

Net cash used in financing activities for the financial year 2018-19 was ₹ 735.61 lakhs. This was primarily on account of decrease in long term borrowings by ₹ 478.10 lakhs, payment of interest & other finance charges by ₹ 181.15 lakhs, decrease in short term borrowings by ₹ 76.34 lakhs and payment of dividend & dividend distribution tax of ₹ 0.01 lakhs

### *Financial year 2017-18*

Net cash flow used in financing activities for the financial year 2017-18 was ₹ 367.41 lakhs. This was primarily on account of decrease in long term borrowings by ₹ 23.96 lakhs, decrease in short term borrowings by ₹ 144.33 lakhs and payment of interest & other finance charges of ₹ 199.12 lakhs.

### *Financial year 2016-17*

Net cash used in financing activities for the financial year 2016-17 was ₹ 838.32 lakhs. This was primarily on account of decrease in short term borrowings by ₹ 346.96 lakhs, payment of interest & other finance charges of ₹ 244.18 lakhs, decrease in long term borrowings by ₹ 247.17 lakhs and payment of dividend & dividend distribution tax of ₹ 0.01 lakh.

## **Financial Indebtedness**

As on March 31, 2019 the total outstanding borrowings of our Company was ₹ 1,158.08 lakhs which included long-term borrowings of ₹ 603.14 lakhs, short term borrowings of ₹ 431.91 lakhs and current maturities of long term borrowings of ₹ 123.03 lakhs. For further details, refer chapter titled “Financial Indebtedness” beginning on page 184 of this Prospectus.

(₹ in lakhs)

Particulars	As at March 31, 2019
<b>Long Term Borrowings(A)</b>	
<i>Secured Loans</i>	
- From Banks	222.71
<i>Unsecured Loans</i>	
-From Promoter, Promoter Group and related parties	380.43
<b>Sub Total (A)</b>	<b>603.14</b>

Particulars	As at March 31, 2019
<b>Short Term Borrowings (B)</b>	
- Working Capital facilities from bank	431.91
<b>Sub Total (B)</b>	<b>431.91</b>
<b>Current Maturities of Long Term Borrowings (C)</b>	<b>123.03</b>
<b>Total (A)+(B)+(C)</b>	<b>1,158.08</b>

In the event, any of our lenders declare an event of default, such current and any future defaults could lead to acceleration of our repayment obligations, termination of one or more of our financing agreements or force us to sell our assets, any of which could adversely affect our business, results of operations and financial condition.

#### ***Related Party Transactions***

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relates to remuneration, salary, commission, interest paid, loan taken and Issue of Equity Shares etc. For further details of such related parties under AS-18, refer chapter titled “*Financial Statements*” beginning on page 166 of this prospectus.

#### ***Contingent Liabilities***

The following table sets forth our contingent liabilities as on March 31, 2019 and 2018 as per restated financial statements:

(₹ in lakhs)		
Particulars	As on March 31, 2019	As on March 31, 2018
Bank Guarantee issued by Bank	19.50	19.50
<b>Total</b>	<b>19.50</b>	<b>19.50</b>

#### ***Off-Balance Sheet Items***

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

#### ***Qualitative Disclosure about Market Risk***

##### **Financial Market Risks**

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk. We are exposed to interest rate risk, inflation and credit risk in the normal course of our business.

##### **Interest Rate Risk**

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds.

##### **Effect of Inflation**

We are affected by inflation as it has an impact on the raw material cost, wages, etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

##### **Credit Risk**

We are exposed to credit risk on monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for or write-off such amounts.

##### **Reservations, Qualifications and Adverse Remarks**

Except as disclosed in chapter titled “*Financial Statements as Restated*” beginning on page 166 of this Prospectus, there have been no reservations, qualifications and adverse remarks.

**Details of Default, if any, Including Therein the Amount Involved, Duration of Default and Present Status, in Repayment of Statutory Dues or Repayment of Debentures or Repayment of Deposits or Repayment of Loans from any Bank or Financial Institution**

Except as disclosed in chapter titled “*Financial Statements as Restated*” beginning on page 166 of this Prospectus, there have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company.

**Material Frauds**

There are no material frauds, as reported by our statutory auditor, committed against our Company, in the last three Fiscals.

**Unusual or Infrequent Events or Transactions**

As on date there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual item of income, change of accounting policy and discretionary reduction of expenses.

**Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations**

Indian rules and regulations as well as the overall growth of the Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income from continuing operations except as described in chapter titled “*Risk Factors*” beginning on page 26 of this Prospectus.

**Known Trends or Uncertainties that have had or are expected to have a Material Adverse Impact on Sales, Revenue or Income from Continuing Operations**

Other than as described in the section titled “*Risk Factors*” beginning on page 26 of this Prospectus and in this chapter, to our knowledge there are no known trends or uncertainties that are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**Future Changes in Relationship between Costs and Revenues, in Case of Events Such as Future Increase in Labour or Material Costs or Prices that will Cause a Material Change are known**

Other than as described in chapter titled “*Risk Factors*” beginning on page 26 of this Prospectus and in this section, to our knowledge there are no known factors that might affect the future relationship between cost and revenue.

**Extent to which Material Increases in Net Sales or Revenue are due to Increased Sales Volume, Introduction of New Products or Services or Increased Sales Prices**

Changes in revenue in the last three financial years are as explained in the part “*Financial Year 2018-19 compared with financial year 2017-18 and Financial Year 2017-18 Compared With Financial Year 2016-17*” above.

**Competitive Conditions**

We have competition with Indian and international service providers and our results of operations could be affected by competition in the Active Pharma Ingredients industry in India and international market 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. For details, please refer to the chapter titled “*Risk Factors*” beginning on page 26 of this Prospectus.

### **Increase in income**

Increases in our income are due to the factors described above in this chapter under “*Significant Factors Affecting Our Results of Operations*” and chapter titled “*Risk Factors*” beginning on page 26 of this Prospectus.

### **Status of any Publicly Announced New Products or Business Segments**

Except as disclosed elsewhere in the Prospectus, we have not announced and do not expect to announce in the near future any new products or business segments.

### **Significant Dependence on a Single or Few Customers**

Significant proportion of our revenues have historically been derived from a limited number of customers. The % of Contribution of our Company’s customer *vis a vis* the total finished goods sold and the % of contribution of our Company’s supplier *vis a vis* the purchase of raw material year ended March 31, 2019 and year ended March 31, 2018 are as follows:

Particulars	Suppliers		Customers	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Top 5 (%)	71.26	70.40	29.77	32.78
Top 10 (%)	92.31	76.78	46.09	44.85

### **Seasonality of Business**

The nature of our business is not seasonal.

## **CAPITALISATION STATEMENT**

For Details on other financial information please refer to “Annexure – XXXIV - Capitalisation Statement” on page XXXIV, under the chapter titled ‘Financial Statements as Restated’ beginning on page 166 of this Prospectus.

## FINANCIAL INDEBTEDNESS

Our Company utilizes various credit facilities from banks and others for conducting its business. Set forth is a brief summary of our Company's secured and unsecured borrowings as on March 31, 2019 together with a brief description of certain significant terms of such financing arrangements.

### SECURED BORROWINGS

#### A. Credit facility of ₹ 1,104.31 Lakhs from Kotak Bank as per Sanction letter dated December 26, 2018.

Nature of Facility	Limits (₹ in Lakhs)	Charges/ Rate of Interest	Tenor/ Valid upto	Outstanding as March 31, 2019 (₹ in Lakhs)
Cash Credit	700.00	MCLR 6M + 0.40%	12 months	431.91
Working Capital demand Loan (Sub limit of CC)	420.00	To be decided at the time of drawl	4 times in a row for 90 days each	
EPC/PCFC (Sub limit of CC)	200.00	To be decided at the time of drawl	90 Days	
FBN/ FBP/ FBD (Sub limit of CC)	200.00	To be decided at the time of drawl	90 Days	
Letter of Credit- Inland & Foreign (Sub limit of CC)	50.00	2% Commission	90 Days	
Bank Guarantee (Sub Limit of CC)	50.00	2% Commission	12 Months	
Term Loan-1	253.47	MCLR 6M + 0.40%	60 Months	240.55
Term Loan-2	119.88	MCLR 6M + 0.40%	Lower of remaining months or 15 months	29.24
Term Loan-3	30.96	MCLR 6M + 0.40%	Lower of remaining months or 16 months	12.31
Total Outstanding Amount				714.01

### SECURITY DETAILS:

Primary Security		
First and exclusive charge on all existing and future receivable/ current assets/ movable assets/movable fixed assets of the borrower		
Collateral Security		
Registered Mortgage over the following properties :		
Sr. No	Collateral Details	Type of Charge
1.	Plot No. 13, Spring view residency, near Vedanta Bungalows 1 Behind bright CBSE School, Vasna Bhayli Road, Bhayli, Vadodara- 390007	Exclusive charge post takeover from Union Bank of India
2.	Plot No. 42/B-4 & 42/B-3, Takhteshwar Plot, Behind Madhav Hill, Near Waghawadi road, Bhavnagar- 364001	



3.	Plot No. 333/1& 2, 334, 335, 336/A & B, 337, 338, Chitra GIDC, Rajkot Road, Bhavnagar, Gujarat - 364004	
4.	Plot No. 5901/1, Ankleshwar Industrial Estate, R. S. No. 174 Palki, Village: Sarangpur Taluka, Ankleshwar District, Bharuch 393002	
<b>Personal Guarantee</b>		
<b>Sr. No.</b>	<b>Name of the Guarantor</b>	
a)	Vallabh J Savani	
b)	Jignesh V Savani	
c)	Falgun V Savani	
d)	Ghanshyam B Savani	
e)	Shishir M Trivedi	

**Key Restrictive Covenants:**

1. All future borrowings by the Borrower would be with prior written permission of Kotak Bank.
2. Borrower shall obtain and keep alive all the statutory approvals required for the business and also insure that there are no pending/ overdue / arrears in this regard.
3. Borrower would intimate the bank at the time of raising any further loans/ availing any facilities from any other bank or institution.
4. Any Change in shareholding/ directorship/ ownership shall be undertaken with the prior permission of the bank.

**B. Auto Loan from HDFC Bank**

<b>PARTICULARS</b>		
<b>Nature of Facility</b>	<b>Auto loan</b>	<b>Auto loan</b>
<b>Loan Amount</b>	₹ 34.49 Lakhs	₹ 41.00 Lakhs
<b>Sanction Date</b>	March 30, 2018	December 28, 2016
<b>Amount Outstanding as on March 31, 2019</b>	₹ 25.47 Lakhs	₹ 25.13 Lakhs
<b>Security</b>	Secured by hypothecation of Vehicle under Hire Purchase	
<b>Tenor</b>	37 Months	60 Months

**C. Auto Loan from ICICI Bank on May 12, 2016**

<b>PARTICULARS</b>	
<b>Nature of Facility</b>	<b>Auto loan</b>
<b>Loan Amount</b>	₹ 9.00 Lakhs
<b>Amount Outstanding as on March 31, 2019</b>	₹ 2.96 Lakhs
<b>Security</b>	Secured by hypothecation of Vehicle under Hire Purchase
<b>Tenor</b>	48 months

**D. Auto Loan from Kotak Mahindra Prime Limited on July 12, 2016**

PARTICULARS	
Nature of Facility	Auto loan
Loan Amount	₹ 19.87 Lakhs
Amount Outstanding as on March 31, 2019	₹ 10.07 lakhs
Security	Secured by hypothecation of Vehicle under Hire Purchase
Tenor	60 months

**UNSECURED BORROWINGS**

**A. Unsecured loans from directors, relatives and others**

(₹ in lakhs)

Sr. No.	Name of the Director	Amount
1.	Vallabhbhai Savani	380.43

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (I) criminal proceedings, (II) actions taken by statutory or regulatory authorities, (III) disciplinary action including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five Fiscals, including outstanding action, (IV) claims related to direct and indirect taxes in a consolidated manner, (V) details of any other pending material litigation which are determined to be material as per a policy adopted by our Board (“**Materiality Policy**”), in each case involving our Company, Promoters, Directors, Group Company and Subsidiary, (the “**Relevant Parties**”).

For the purpose of (V) above, our Board in its meeting held on February 27, 2019, has considered and adopted a policy of materiality for identification of material litigation involving the Relevant Parties.

In terms of the Materiality Policy, all pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five Fiscals including outstanding action, and tax matters, would be considered ‘material’ if:

- (a) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1% of the profit after tax of our Company as per the restated consolidated financial statements of our Company for the last full Fiscal, being ₹ 2.00 Lakhs; or
- (b) the monetary liability is not quantifiable, however, the outcome of any such pending proceedings may have a bearing on the business, operations, performance, prospects or reputation of our Company.

Except as stated in this section, there are no (i) Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on February 27, 2019 determined that outstanding dues to creditors in excess of ₹ 5 lakhs as per the restated financials for the period ended March 31, 2019 shall be considered as material dues (“Material Dues”).

Unless otherwise stated to the contrary, the information provided is as of the date of this Prospectus.

### **OUTSTANDING TAXATION MATTERS INVOLVING OUR COMPANY, DIRECTORS, PROMOTERS, SUBSIDIARIES AND GROUP COMPANIES**

Nature of Case	Number of Cases	Outstanding Amount (in ₹)
<b><i>Company</i></b>		
Direct Tax	1	84,640
Indirect Tax	NIL	NIL
<b><i>Directors (other than Promoters)</i></b>		
Direct Tax	1	470
Indirect Tax	NIL	NIL
<b><i>Promoters</i></b>		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL
<b><i>Subsidiaries</i></b>		
Direct Tax	N.A.*	N.A.

Indirect Tax	N.A.	N.A.
<b><i>Group Companies</i></b>		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL

*N.A.: Not Applicable*

*Note: The amounts indicated above are approximate amounts and have been disclosed to the extent ascertainable.*

## **OTHER MATERIAL LITIGATIONS**

### **LITIGATION INVOLVING OUR COMPANY**

#### **A. LITIGATIONS AGAINST OUR COMPANY:**

##### **1. CRIMINAL MATTERS:**

Nil

##### **2. WILFUL DEFAULTER:**

Our Company does not appear on the Wilful Defaulters' list as per the Reserve Bank of India Circular on Wilful Defaulters'.

##### **3. ACTIONS BY REGULATORY OR STATUTORY AUTHORITIES<sup>1</sup>:**

Nil

##### **4. OTHER MATTERS BASED ON MATERIALITY POLICY OF OUR COMPANY:**

Nil

#### **B. LITIGATIONS FILED BY OUR COMPANY:**

##### **1. CRIMINAL MATTERS:**

Nil

##### **2. OTHER MATTERS BASED ON MATERIALITY POLICY OF OUR COMPANY:**

Nil

### **LITIGATION INVOLVING DIRECTORS OF OUR COMPANY**

#### **A. LITIGATIONS AGAINST DIRECTOR/S OF OUR COMPANY:**

##### **1. CRIMINAL MATTERS:**

Nil

##### **2. WILFUL DEFAULTERS:**

<sup>1</sup> The Regulatory or Statutory Authorities for the purpose of this Chapter include but are not limited to SEBI, RBI etc.  
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None of our Directors' appear on the Wilful Defaulters' list as per the Reserve Bank of India Circular on Wilful Defaulters'.

**3. ACTIONS BY REGULATORY OR STATUTORY AUTHORITIES:**

Nil

**4. OTHER MATTERS BASED ON MATERIALITY POLICY OF OUR COMPANY:**

Nil

**B. LITIGATIONS FILED BY DIRECTOR/S OF OUR COMPANY:**

**1. CRIMINAL MATTERS:**

Nil

**2. OTHER MATTERS BASED ON MATERIALITY POLICY OF OUR COMPANY:**

Nil

**LITIGATION INVOLVING OUR PROMOTERS**

**A. LITIGATIONS AGAINST OUR PROMOTER/S:**

**1. CRIMINAL MATTERS:**

Nil

**2. DISCIPLINARY ACTION INCLUDING PENALTY IMPOSED BY SEBI OR STOCK EXCHANGES AGAINST OUR PROMOTERS IN THE LAST FIVE FINANCIAL YEARS INCLUDING OUTSTANDING ACTION:**

Nil

**3. WILFUL DEFAULTERS:**

None of our Promoters' appear on the Wilful Defaulters' list as per the Reserve Bank of India Circular on Wilful Defaulters'.

**4. ACTIONS BY REGULATORY OR STATUTORY AUTHORITIES:**

Nil

**5. OTHER MATTERS BASED ON MATERIALITY POLICY OF OUR COMPANY:**

Nil

**B. LITIGATIONS FILED BY OUR PROMOTER/S:**

**1. CRIMINAL MATTERS:**

Nil

**2. OTHER MATTERS BASED ON MATERIALITY POLICY OF OUR COMPANY:**

Nil

## **LITIGATION INVOLVING OUR GROUP COMPANY**

### **A. LITIGATIONS AGAINST OUR GROUP COMPANY:**

#### **1. CRIMINAL MATTERS:**

Nil

#### **2. OTHER MATTERS BASED ON MATERIALITY POLICY OF OUR COMPANY:**

Nil

### **B. LITIGATIONS FILED BY OUR GROUP COMPANY:**

#### **1. CRIMINAL MATTERS:**

Nil

#### **2. OTHER MATTERS BASED ON MATERIALITY POLICY OF OUR COMPANY:**

Nil

## **MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET**

Except as mentioned under the chapter-“Management Discussion and Analysis of Financial Position and Result of Operation” on page 168 of this Prospectus, there have been no material developments, since the date of the last audited balance sheet.

## **OUTSTANDING DUES TO CREDITORS**

As of March 31, 2019, we had 147 creditors. The aggregate amount outstanding to such creditors as on March 31, 2019 was ₹ 493.18 Lakhs.

As per the Materiality Policy, such creditors to whom, outstanding dues to any creditor of our Company having monetary value which exceed ₹ 5 Lakhs, which is 83.50% of the total trade payables of our Company as per the Restated Financial Statements of our Company for the period ended March 31, 2019 included in this Prospectus, shall be considered as ‘material’. Accordingly, in this regard, the creditors to whom an amount exceeding ₹ 5 Lakhs was owed as on March 31, 2019, were considered ‘material’ creditors. Based on the above, there are 12 material creditor(s) of our Company as on March 31, 2019, to whom an aggregate amount of ₹ 411.83 Lakhs was outstanding on such date.

Details of outstanding dues owed as at March 31, 2019 to MSMEs and other creditors are set out below.

<b>Creditors</b>	<b>Number of Cases</b>	<b>Amount due (in ₹ Lakhs)</b>
MSMEs	NIL	NIL
Other Creditors	147	493.18

The details pertaining to amounts due towards the material creditors are available on the website of our Company at [www.pardrugs.com](http://www.pardrugs.com).

Information provided on the website of our Company is not a part of this Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company’s website, [www.pardrugs.com](http://www.pardrugs.com), would be doing so at their own risk.

## GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Government/RBI, various Government agencies and other statutory and/ or regulatory authorities required for carrying on our present business activities and except as mentioned under this heading, no further material approvals are required for carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. In order to operate our business of manufacturing of Active Pharmaceutical Ingredients and Fine Chemicals, we require various approvals and/ or licenses under various laws, rules and regulations. For further details in connection with the applicable regulatory and legal framework, please refer to the chapter titled “Key Industry Regulations and Policies” on page 126 of this Prospectus.

The Company has its business located at:

**Registered Office:** 805, Dwarkesh Complex R.C. Dutt Road, Alkapuri, Vadodara - 364004, Gujarat, India

**Corporate Office:** 302, Anmol Plaza, Waghawadi Road, Bhavnagar - 364001, Gujarat, India

### **Manufacturing Units:**

#### **Unit: I**

333/1, GIDC, Estate,  
Phase-II, Chitra,  
Bhavnagar-364004, Gujarat

#### **Unit: II**

5901/1, G.I.D.C., Ankleshwar,  
Industrial Estate, Ankleshwar,  
Bharuch, Gujarat – 393002

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities. The approvals required to be obtained by our Company include the following:

### **APPROVALS FOR THE ISSUE**

#### **Corporate Approvals:**

1. 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 17, 2019, authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a special resolution passed in the Extra-Ordinary General Meeting/Annual General Meeting held on February 09, 2019 authorized the Issue.

#### **In- principle approval from the Stock Exchange**

We have received in-principle approvals from the stock exchange for the listing of our Equity Shares pursuant to letter dated April 25, 2019 bearing reference no. NSE/LIST/585.

#### **Agreements with NSDL and CDSL**

1. The Company has entered into an agreement dated January 29, 2019 with the Central Depository Services (India) Limited (“CDSL”) and the Registrar and Transfer Agent, who in this case is, Link Intime India Private Limited for the dematerialization of its shares.
2. Similarly, the Company has also entered into an agreement dated January 14, 2019 with the National Securities Depository Limited (“NSDL”) and the Registrar and Transfer Agent, who in this case is Link Intime India Private Limited for the dematerialization of its shares.
3. The Company's International Securities Identification Number (“ISIN”) is INE04LG01015.



### **Lenders Consent**

1. NOC dated February 7, 2019 has been obtained from Kotak Mahindra Bank, Baroda as per the sanction letter January 12, 2018 under which our Company has availed Loan of ₹ 1533.74 Lakhs.

### **INCORPORATION AND OTHER DETAILS**

1. The Certificate of Incorporation dated February 26, 1999 issued by the Registrar of Companies, Ahmedabad, in the name of “PAR DRUGS AND CHEMICALS PRIVATE LIMITED”.
2. Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company issued on November 05, 2018 by the Registrar of Companies, Ahmedabad in the name of “PAR DRUGS AND CHEMICALS LIMITED”.
3. The Corporate Identification Number (CIN) of the Company is U24117GJ1999PLC035512.

### **APPROVALS/LICENSES RELATED TO OUR BUSINESS ACTIVITIES**

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue	Date of Expiry
1.	Certificate of Importer- Exporter Code (IEC)	Foreign Trade Development Officer, Ministry of Commerce and Industry, Government of India	2495000711	June 15, 1995	In case of change in name/address or constitution of IEC holder, the IEC holder shall cease to be eligible to Import or Export against the IEC after the expiry of 90 days from the date of such a change unless in the meantime, the consequential changes are effected in the IEC by the concerned licensing authority.
2.	Udyog Aadhar Memorandum for setting micro, small and medium Enterprises Unit for Manufacturing Unit I.	Ministry of Micro, Small and Medium Enterprises, Government of India	GJ05B0010755	Date of commencement: February 26, 1999	NA
3.	Udyog Aadhar Memorandum for setting micro, small and medium Enterprises Unit for Manufacturing Unit II.	Ministry of Micro, Small and Medium Enterprises, Government of India	GJ06B0003858	Date of commencement: June 06, 2007	NA

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue	Date of Expiry
4.	License to work a factory for Manufacturing Unit I (under Factories Act, 1948 and Rules made thereunder)	Assistant Director Industrial Safety and Health, Bhavnagar	17083/20112/1982	April 01, 1982	December 31, 2020

#### **TAX RELATED APPROVALS/LICENSES/REGISTRATIONS**

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
1	Permanent Account Number (PAN)	Income Tax Department, Government of India	AABCP6547M	January 28, 1999	Perpetual
2	Tax Deduction Account Number (TAN)	Income Tax Department through National Securities Depository Limited (NSDL), Ministry of Finance, Government of India	RKTP01109D	July 24, 2004	Perpetual
3	Goods and Service Tax Identification Number (GSTIN)	Government of India	24AABCP6547M1Z3	September 19, 2017	NA
3	Certificate of Registration of (under Gujarat Value Added Tax Act, 2003 read with Rule 6 of the Gujarat Value Added Tax Rules, 2003)	Assistant Commercial Tax Officer, Commercial Tax Department, Government of Gujarat	24140200507	July 01, 2002	NA
4	Certificate of Registration of Service Tax (under Chapter V of the Finance Act, 1994 read with the Service Tax Rules, 1994)	Central Board of Excise and Customs, Ministry of Finance, Department of Revenue	AABCP6547M	January 25, 2005	NA
5	Certificate of Registration Central Sales Tax (under Rule 5(1) of	Assistant Commercial Tax Officer, Commercial Tax Department,	24640200507	April 03, 1999	NA

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
	Central Sales Tax (Registration and Turnover) Rules, 1957)	Government of Gujarat			
6	Central Excise Registration Certificate (under Rule 9 of the Central Excise Rules, 2002)	Assistant Commissioner of Central Excise, Central Board of Excise and Customs, Ministry of Finance, Department of Revenue	AABCP6547MXM001	July 15, 2013	NA
7	Professional Tax Enrolment Certificate (PTEC) (under section 5 of Gujarat State Profession, Trading, Business and Employment Tax, Act, 1976)	Profession Tax Officer, Department of Sales Tax Government of Gujarat	PECO5005720	February 25, 2009	NA
8	Professional Tax Registration Certificate (PTRC) (under section 5 of Gujarat State Profession, Trading, Business and Employment Tax, Act, 1976)	Profession Tax Officer, Department of Sales Tax Government of Gujarat	PRCO50000107	May 05, 2009	NA

#### **LABOUR RELATED APPROVALS/REGISTRATIONS**

Sr. No.	Description	Authority	Registration No./Reference No./License No.	Date of Issue
1.	Employees Provident Fund Registration (under Employees' Provident Funds and Miscellaneous Provisions Act, 1952)	Employees Provident Fund Organisation, Ministry of Labour, Government of India	GJAHD0014566000	March 31, 2015
2	Registration for Employees State Insurance (under Employees State Insurance Act, 1948)	Employees State Insurance Corporation	37000029240000304	July 22, 2010

## **ENVIRONMENT RELATED LICENSES /APPROVALS/ REGISTRATIONS**

Description	Authority	Registration Number	Date of Certificate	Date of Expiry
Consent for establishing / operation the industrial plant / plants under Section 21 of the Air (prevention & Control of Pollution) Act, 1981 and Application required for grant/renewal of authorization for generation or collection or storage or transport or reception or recycling or reuse or recovery or pre-processing or co-processing or utilization or treatment or disposal of hazardous and other waste under Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 and Application for consent to establish or take any step to establish any Industry, operation process or any treatment and disposal system for discharge, under section 25 or continuation or discharge under section 26 of the Water (Prevention and Control of Pollution) Act. 1974.	Gujarat Pollution Control Board	CCA Renewal – 154830 PCB ID - 16121	April 06, 2019	Valid for 5 years from the date of issue.


## **OTHER BUSINESS-RELATED APPROVALS**

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1	Certificate for use of a Boiler under Section 7/8 of Boiler Act, 1923	Gujarat Boiler Inspection Department, Assistant Directors of Boiler.	CA032017-20180004131	March 19, 2018	NA
2	Certificate of license to manufacture for sale of Drugs other than those specified in Schedule X of Drugs and Cosmetics Rule, 1945	Commissioner, Food and Drugs Control Administration, Gandhinagar.	G/25/531	December 19, 2018	December 18, 2023.

## **INTELLECTUAL PROPERTY RELATED APPROVALS/REGISTRATIONS**

### **TRADEMARKS**



Currently, the Company is using  , which is not yet registered in the name of our Company. The Company has confirmed that no other applications have been made nor has it registered any type of intellectual property including trademarks/copyrights/patents etc.

**PENDING APPROVALS:**

Application for change of name of all the above-mentioned approvals in made by the Company and the same is pending.

**MATERIAL LICENSES / APPROVALS FOR WHICH THE COMPANY IS YET TO APPLY**

Registration Certificate of Establishment under Gujarat Shops and establishments Act, 1948 for Registered Office.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

The Issue has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on January 17, 2019 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Extra-Ordinary General Meeting held on February 09, 2019.

### PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

We confirm that our Company, Directors, Promoters, Promoter Group, person in control of our Company or Promoter are not prohibited from accessing or operating in the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority / court as on the date of this Prospectus.

### COMPLIANCE WITH THE COMPANIES (SIGNIFICANT BENEFICIAL OWNERS) RULES, 2018

Our Company, Promoters, Promoter Group, is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018 (“SBO Rules”) and the circular no. ‘General Circular No. 07/ 2018 dated September 6, 2018 and General Circular no. 08/2018 dated September 10, 2018 issued by the Ministry of Corporate Affairs, to the extent applicable, as on date of filing of this Prospectus.

### DIRECTORS ASSOCIATED WITH THE SECURITIES MARKET

None of our Directors are, in any manner, associated with the securities market related business, in any manner and there has been no outstanding actions initiated by SEBI against the Directors of our Company in the five years preceding the date of this Prospectus.

### PROHIBITION BY RBI

Neither our Company nor any of our Promoters or Directors have been declared as wilful defaulter(s) by the RBI or any other governmental authority.

### ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with regulation 229(1) and other provisions of chapter IX of the SEBI (ICDR) Regulations, 2018 as the post Issue face value capital does not exceed ₹ 1,000 lakhs. Our Company also complies with the eligibility conditions laid by the EMERGE Platform National Stock Exchange of India Limited for listing of our Equity Shares.

#### We confirm that:

1. In accordance with regulation 260 of the SEBI (ICDR) Regulations, this Issue will be 100% underwritten and shall not restrict to the minimum subscription level. The Lead Manager shall underwrite at least 15% of the total Issue size. For further details pertaining to underwriting please refer to chapter titled “*General Information*” beginning on page 54 of this Prospectus.
2. In accordance with Regulation 268(1) 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 forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
3. We have filed Draft Prospectus with stock exchange. The Draft Prospectus has not been filed with SEBI, nor has SEBI issued any observation on the Issue Document in terms of Regulation 246 of SEBI (ICDR), 2018. However, pursuant to sub regulation (5) of regulation 246, the copy of Draft Prospectus shall also be furnished to the SEBI in a soft copy.
4. In accordance with Regulation 261 of the SEBI ICDR Regulations, Lead Manager will ensure compulsory market making for the minimum period of three years from the date of listing of equity shares offered in

this issue. For further details of the market making arrangement see chapter titled “*General Information*” beginning on page 54 of this Prospectus.

5. The Post-Issue paid up capital of the Company shall not be more than ₹ 25 Crores. The post Issue capital of our Company is ₹ 6.15 Crores.
6. The Company has a track record of three years and positive cash accruals (Earnings before depreciation and tax) from operations for at least 2 (two) financial years preceding the date of filing of this Prospectus.
7. The Net worth of the Company is positive as per the latest audited financial statements.
8. The Company has not been referred to Board for Industrial and Financial Reconstruction.
9. No petition for winding up is admitted by a court of competent jurisdiction against the Company.
10. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
11. The Company has a website [www.pardrugs.com](http://www.pardrugs.com).
12. There is no material regulatory or disciplinary action taken by a stock exchange or regulatory authority in the past one year in respect of promoters/promoting Company(ies), group companies, companies promoted by the promoters/promoting companies of the Company.
13. There is no default in payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the Company, promoters/promoting Company(ies), group companies, companies promoted by the promoters/promoting Company(ies) during the past three years.

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter IX of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGER PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. 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 PROSPECTUS, THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, SHALL FURNISH TO SEBI DUE DILIGENCE CERTIFICATE IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF SECURITIES AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER**



**RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.**

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies in terms of Section 26 of the Companies Act, 2013.

**DISCLAIMER STATEMENT FROM OUR COMPANY AND THE LEAD MANAGER**

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk.

**PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE LEAD MANAGER**

For details regarding the price information and track record of the past issues handled by Pantomath Capital Advisors Private Limited, please refer “Annexure A” to this Prospectus and the website of Lead Manager at [www.pantomathgroup.com](http://www.pantomathgroup.com).

**DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 2,500 Lakhs, pension funds with minimum corpus of ₹ 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this 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, Maharashtra only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with National Stock Exchange of India Limited for its observations and National Stock Exchange of India Limited shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. **No person outside India is eligible to make application for Equity Shares in the Issue unless that person has received the preliminary offering memorandum for the Issue, which contains the selling restrictions for the Issue outside India.**

The Equity Shares offered in the Issue have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, the Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or the laws of any

state of the United States and may not be offered or sold in the United States (as defined in Regulation S under the U.S. Securities Act (“Regulation S”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States pursuant to Regulation S.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Prospectus in each jurisdiction, including India.

#### **DISCLAIMER CLAUSE OF THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

As required, a copy of Draft Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/585 dated April 25, 2019 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

#### **LISTING**

Application will be made to the National Stock Exchange of India Limited” for obtaining permission to deal in and for an official quotation of our Equity Shares. National Stock Exchange of India Limited will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The National Stock Exchange of India Limited has given its in-principle approval for using its name in our Issue documents vide its letter no. NSE/LIST/585 dated April 25, 2019.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the EMERGE Platform of National Stock Exchange of India Limited, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 working days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the EMERGE Platform of National Stock Exchange of India Limited mentioned above are taken within six Working Days from the Issue Closing Date.

#### **CONSENTS**

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditor, Banker to the Company and (b) Lead Manager, Underwriter, Market Maker, Registrar to the Issue, Banker to the Issue/Refund Banker/Sponsor Banker to the Issue, Legal Advisor 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 Sections 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. Our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Prospectus for filing with the RoC.

#### **EXPERT TO THE ISSUE**

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

Our Company has received written consent from the Statutory Auditors namely, V Dhamsania & Associates, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as required under Section 26 of the Companies Act, 2013 in this Prospectus and as an ‘expert’ as defined under Section 2(38) of Companies Act, 2013 in relation to the report on the Restated Financial Statements for the financial year ended March 31, 2019, 2018 and 2017 and the statement of tax benefits as included in this Prospectus. Such consent has not been withdrawn up to the time of delivery of this Prospectus.

#### **PREVIOUS PUBLIC AND RIGHTS ISSUES**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 64 of this Prospectus, we have not made any previous rights and/or public issues during last 5 years, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

#### **COMMISSION AND BROKERAGE ON PREVIOUS ISSUES**

Since this is the initial public Issue of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares in the last 5 years.

#### **CAPITAL ISSUE DURING THE PREVIOUS THREE YEARS BY ISSUER COMPANY AND LISTED GROUP COMPANIES / SUBSIDIARIES / ASSOCIATES**

As on the date of this Prospectus, none of our Subsidiaries, Group Companies or our Associate are listed on any stock exchange in India or overseas. .

#### **PERFORMANCE VIS-À-VIS OBJECTS FOR OUR COMPANY AND/OR LISTED SUBSIDIARY COMPANY AND/OR LISTED PROMOTER COMPANY**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding performance versus objects is not applicable to us. Further, as on date of this Prospectus our Company has no any corporate promoter and subsidiary Company.

#### **PRICE INFORMATION OF PAST ISSUE HANDLED BY LEAD MANAGER**

For details of the price information of past issue handled by lead manager, please refer page 272 of this Prospectus.

#### **STOCK MARKET DATA FOR OUR EQUITY SHARES**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

#### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES**

The Agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least eight years from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as the name, address of the bidder, UPI Id (if applicable), number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant / Bidder, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants / bidders.

Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Further, as on date of this Prospectus our Company has no any subsidiary Company and none of our Group Companies is listed on any stock exchanges, so disclosure regarding mechanism for redressal of investor grievances for our subsidiary companies and group companies are not applicable.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have re-constituted the Stakeholders Relationship Committee/ Investor Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on February 27, 2019. For further details, please refer to the chapter titled “*Our Management*” beginning on page 144 of this Prospectus.

Our Company has appointed Sanket Trivedi as Company Secretary and Compliance Officer and he may be contacted at the following address:

**Sanket Bhupendrabhai Trivedi**

**Par Drugs and Chemicals Limited**

333/1, GIDC, Estate,

Phase-II, Chitra,

Bhavnagar-364004, Gujarat

**Tel:** +91 278 2447013

**Email:** [investor@pardrugs.com](mailto:investor@pardrugs.com)

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

Investors can contact the Company Secretary and Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or unblocking of funds etc.

## SECTION VIII – ISSUE INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Draft Prospectus, this Prospectus, the abridged prospectus, Application Form, the Revision Form, the CAN/ the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the FIPB, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the FIPB, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Issue.

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors (except Anchor Investors) applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self-Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

Further vide the said circular Registrar to the Issue and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available.

### RANKING OF EQUITY SHARES

The Equity Shares being issued in the Issue shall be subject to the provisions of the Companies Act, 2013 our Memorandum and Articles of Association, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA read with SCRR and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees upon receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled “*Description Of Equity Shares and Terms Of The Articles Of Association*” beginning on page number 235 of this Prospectus.

### MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be as per the provisions of Companies Act, Articles of Association, SEBI Listing Regulations and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act, SEBI Listing Regulations and our Articles of Association. For further details, please refer to the chapter titled “*Dividend Policy*” on page 165 of this Prospectus.

### FACE VALUE AND ISSUE PRICE PER SHARE

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ 51/- 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 165 of this Prospectus. At any given point of time there shall be only one denomination of Equity Shares.

### COMPLIANCE WITH SEBI ICDR REGULATIONS



Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

## **RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive issue for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited Company under the Companies Act, 2013 Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, please refer to the section titled “*Description Of Equity Shares And Terms Of The Articles Of Association*” beginning on page number 235 of this Prospectus.

## **ALLOTMENT OF EQUITY SHARES ONLY IN DEMATERIALISED FORM, MARKET LOT AND TRADING LOT**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, 2018 the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated January 14, 2019 amongst NSDL, our Company and the Registrar to the Issue; and
- Agreement dated January 29, 2019 amongst CDSL, our Company and the Registrar to the Issue.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is 2000 Equity Share. Allotment in this Issue will be only in electronic form in multiples of 2000 Equity Share subject to a minimum Allotment of 2000 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

## **MINIMUM NUMBER OF ALLOTTEES**

Further in accordance with the Regulation 268 of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs or the Sponsor Bank as the case may be, shall be unblocked within 4 working days of closure of issue.

## **JURISDICTION**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra, India.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being issued and sold only outside**

**the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **JOINT HOLDER**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

#### **NOMINATION FACILITY TO INVESTORS**

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole applicant, or the 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 applicants, death of all the applicants, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 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.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

#### **WITHDRAWAL OF THE ISSUE**

Our Company in consultation with the Lead Manager, reserve the right to not to proceed with the Issue after the Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Lead Manager through, the Registrar to the Issue, shall notify the SCSBs or the Sponsor Bank to unblock the bank accounts of the ASBA within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. If the Issue is withdrawn after Designated Date, amounts that have been credited to the Public Issue Account shall be transferred to the Refund Account.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Issue after the Application/Issue Closing Date and thereafter determines that it will proceed with an issue for sale of the Equity Shares, our Company shall file a fresh Prospectus with Stock Exchange.



## ISSUE PROGRAMME

Event	Indicative Date
Issue Opening Date	May 03, 2019
Issue Closing Date	May 08, 2019
Finalization of Basis of Allotment with the Designated Stock Exchange	May 13, 2019
Initiation of Refunds, Unblocking of funds from ASBA Accounts	On or before May 14, 2019
Credit of Equity Shares to demat accounts of Allottees	On or before May 15, 2019
Commencement of trading of the Equity Shares on the Stock Exchange	On or before May 16, 2019

**The above timetable is indicative and does not constitute any obligation on our Company, and the LM. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Issue Closing Date, the timetable may change due to various factors, such as extension of the Issue Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.**

Applications and any revision to the same shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Issue Period. On the Issue Closing Date, the Applications and any revision to the same shall be accepted between **10.00 a.m. and 3.00 p.m. (IST)** or such extended time as permitted by the Stock Exchange, in case of Applications by Retail Individual Applicants after taking into account the total number of Applications received up to the closure of timings and reported by the Lead Manager to the Stock Exchange. It is clarified that Applications not uploaded on the electronic system would be rejected. Applications will be accepted only on Working Days.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 5.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Times.

Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public issue, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days. Neither our Company nor the Lead Manager is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Any time mentioned in this Prospectus is Indian Standard Time.

Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days. Neither our Company nor the Lead Manager is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Any time mentioned in this Prospectus is Indian Standard Time.

**In case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the application (issue) period disclosed the prospectus for a minimum period of three working days, subject to the Application Period not exceeding 10 working days.**

In case of any discrepancy in the data entered in the electronic System vis-à-vis the data contained in the Application Form, for a particular Applicant, the Registrar to the Issue shall ask for rectified data.

## MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level and is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the issue through the Issue Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In accordance with Regulation 260(1) of the SEBI (ICDR) Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the issue through the Prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 267(2) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than ₹ 1,00,000/- (Rupees One Lakh) per application.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **MIGRATION TO MAIN BOARD**

Our Company may migrate to the Main board of National Stock Exchange of India Limited on a later date subject to the following:

- *If the Paid up Capital of our Company is likely to increase above ₹ 2,500 lakhs by virtue of any further issue of capital by way of rights issue, 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), our Company shall apply to National Stock Exchange of India Limited 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

- *If the Paid up Capital of our Company is more than ₹ 1,000 lakhs but below ₹ 2,500 lakhs, our Company may still apply for migration to the Main Board and if the Company fulfils the eligible criteria for listing laid by the Main Board and 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.*

#### **MARKET MAKING**

The shares issued through this Issue are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited (SME Exchange) with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on EMERGE Platform of National Stock Exchange of India Limited. For further details of the market making arrangement please refer to chapter titled “General Information” beginning on page 54 of this Prospectus.

#### **ARRANGEMENT FOR DISPOSAL OF ODD LOT**

The trading of the equity shares will happen in the minimum contract size of 2000 shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on NSE EMERGE.

**AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBS CANNOT PARTICIPATE IN THIS ISSUE**

Reserve Bank of India vide notification no. FEMA20(R)/2017-RB dated November 07, 2017 issued the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017. The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian Companies by way of subscription in an IPO. Reserve Bank of India also inserted new definition of Capital Instruments.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India / RBI while granting such approvals.

**NEW FINANCIAL INSTRUMENTS**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

**APPLICATION BY ELIGIBLE NRIs, FPI'S, QFIs, VSFs OR AIFs REGISTERED WITH SEBI,**

It is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

**RESTRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF EQUITY SHARES**

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in the chapter "*Capital Structure*" beginning on page 64 of this Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. Further, there are no restrictions on transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles of Association. For details, please see "*Main Provisions of our Articles of Association*" on page 235 of this Prospectus.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 229(1) of Chapter IX of SEBI (ICDR) Regulations as amended from time to time, whereby, our post issue face value capital does not exceed ten Crore rupees. The Company shall issue specified securities to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the EMERGE Platform of National Stock Exchange of India Limited). 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 203 and 211 of this Prospectus.

### Following is the issue structure:

Initial Public Offer of 16,72,000 Equity Shares of face value of ₹ 10/- each fully paid (the 'Equity Shares') for cash at a price of ₹ 51/- per equity share (including a premium of ₹ 41/- per equity share) aggregating to ₹ 852.72 Lakhs. The Issue comprises a Net Issue to the public of 15,58,000 Equity Shares (the "Net Issue"). The Issue and Net Issue will constitute 27.18% and 25.32% of the post-Issue paid-up Equity Share capital of our Company.

The issue comprises a reservation of 84,000 Equity Shares of ₹ 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion") and 30,000 Equity Shares of ₹ 10 each for subscription by Eligible Employees ("the Employee Reservation Portion").

Particulars	Market Maker Reservation Portion	Eligible Employees	Other than Retail Individual Applicants	Retail Individual Applicants
<b>Number of Equity Shares*</b>	84,000 Equity Shares	30,000 Equity Shares	7,78,000 Equity Shares	7,80,000 Equity Shares
<b>Percentage of Issue Size available for allocation</b>	5.02 % of Issue Size	1.79 % of the Issue Size. The Employee Reservation Portion comprises approximately 0.49 % of our Company's post issue paid-up Equity Share capital.	49.94% of Net Issue Size	50.06% of Net Issue Size
<b>Basis of Allotment / Allocation if respective category is oversubscribed</b>	Firm allotment	Proportionate	Proportionate	Proportionate subject to minimum lot as explained in the section titled "Issue Procedure" on 211 of this Prospectus.
<b>Mode of Application</b>	Through ASBA Process only	Through ASBA Process only	Through the ASBA Process only	Through the ASBA Process or UPI mechanism
<b>Minimum Application Size</b>	84,000 Equity Shares	2000 Equity Shares and in multiples of 2000 Equity Shares thereafter.	Such number of Equity shares in multiple of 2000 Equity shares that Application size exceeds ₹ 2,00,000	2000 Equity Shares

Particulars	Market Maker Reservation Portion	Eligible Employees	Other than Retail Individual Applicants	Retail Individual Applicants
<b>Maximum Application Size</b>	84,000 Equity Shares	Such number of Equity Shares in multiples of 2000 Equity shares so as to ensure that the Application Amount does not exceed ₹5,00,000 <sup>#</sup>	Such number of Equity Shares in multiples of 2000 Equity Shares not exceeding the size of the Issue, subject to limits as applicable to the Applicants	2000 Equity Shares
<b>Mode of Allotment</b>	Compulsorily in dematerialized mode.	Compulsorily in dematerialized mode.	Compulsorily in dematerialized mode.	Compulsorily in dematerialized mode.
<b>Trading Lot</b>	2000 Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations	2000 Equity Shares	2000 Equity Shares	2000 Equity Shares
<b>Terms of Payment</b>	In case of ASBA, The entire Application Amount shall be blocked at the time of submission of Application Form to the SCSBs and in case of UPI as an alternate mechanism, Application amount shall be blocked at the time of confirmation of mandate collection request by applicant.			

*\*Since present issue is a fixed price issue, the allocation in the net issue to the public category in terms of Regulation 253 (2) of the SEBI (ICDR) Regulations, 2018 shall be made as follows:*

*(a) Minimum fifty per cent to retail individual investors; and*

*(b) Remaining to:*

*(i) individual applicants other than retail individual investors; and*

*(ii) other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;*

*Provided that the unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.*

*Explanation: If the retails individual investor category is entitled to more than fifty per cent of the issue size on a proportionate basis, the retails individual investors shall be allocated that higher percentage.*

*For further information on the Allocation of Net Issue to Public, please refer to chapter titled "The Issue" on 49 of this Prospectus.*

*# Eligible Employees Applying in the Employee Reservation portion can apply up to an Application Amount of ₹500,000. However, an Application by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for an Application Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion (post the initial Allocation of up to ₹200,000 per Eligible Employee), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have applied in excess of ₹200,000, subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation to Eligible Employees with Application Amounts over ₹200,000 upto a maximum of ₹500,000), shall be added to the Net Issue.*



## 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, modified and updated pursuant to, among others, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 notified by SEBI, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018 (“General Information Document”), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document shall be made available on the websites of the Stock Exchange, the Company and the Lead Manager before opening of the Issue Period.

Additionally, all Applicants may refer to the General Information Document for information in relation to (i) channels of submission of application form; (ii) payment instructions for Applicants; (iii) instructions for filing the application form.

SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI mechanism for RIIs applying through Designated Intermediaries will be made effective along with the existing process and existing timeline of T+6 days. The same will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase I”). Thereafter, for application by RIIs through Designated Intermediaries, the existing process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds will be discontinued and only the UPI mechanism with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, the final reduced timeline will be made effective using the UPI mechanism for applications by RIIs (“UPI Phase III”), as may be prescribed by SEBI. This Issue will be under UPI Phase I.

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this Section and is not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their Applicants are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

Please note that all the Applicants can participate in the Issue only through the ASBA process. From January 1, 2019, the UPI mechanism for RIIs applying through Designated Intermediaries will be made effective along with the ASBA process. All Applicants shall ensure that the ASBA Account has sufficient credit balance such that the full Application Amount can be blocked by the SCSB or Sponsor Bank at the time of submitting the Application. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form.

Applicants are required to submit Applications to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs or to the Syndicate Members. The lists of banks that have been notified by SEBI to act as SCSB (Self-Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants (“DP”), Registrar to an Issue and Share Transfer Agent (“RTA”) that have been notified by National Stock Exchange of India Limited to act as intermediaries for submitting Application Forms are provided on [www.nseindia.com](http://www.nseindia.com). For details on their designated branches for submitting Application Forms, please see the above mentioned National Stock Exchange of India Limited website.

## **FIXED PRICE ISSUE PROCEDURE**

The Issue is being made under Regulation 229(1) of Chapter IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 via Fixed Price Process.

Applicants are required to submit their Applications to the Designated Intermediary. 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. Applicants will not have the option of being Allotted Equity Shares in physical form.

Further the Equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

## **APPLICATION FORM**

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries at Bidding Centres, and Registered Office & Corporate Office of our Company. An electronic copy of the Application Form will also be available for download on the website of the Stock Exchange(s), namely, NSE ([www.nseindia.com](http://www.nseindia.com)) at least one day prior to the Issue Opening Date.

*All the investors (except Retail Individual Investors) applying in a public Issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment. Further, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) facility for application or also can use UPI payment mechanism for making an application.* The application form submitted by Retail Individual Investors (without using UPI) and other than Retail Individual Investors must provide applicants bank account details and authorization to block funds in the relevant space provided in the Application Form. Further, Retail Individual Investors submitting application form using UPI shall mention the UPI ID in the relevant space provided in the application form and the Application Forms that do not contain such details are liable to be rejected.

Further, such Applicants shall ensure that the Applications are submitted at the Bidding Centres only on Application Forms bearing the stamp of a Designated Intermediary (except in case of electronic Application Forms) and Application Forms not bearing such specified stamp maybe liable for rejection. Applicants must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Application Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Application.

The prescribed colour of the Application Form for various categories is as follows:

<b>Category</b>	<b>Colour of Application Form*</b>
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis	Blue
Eligible employees bidding in the employee reservation portion	Pink

*\*excluding electronic Application Form*

Designated Intermediaries (other than SCSBs) shall submit/ deliver ASBA Forms (except Application Forms from RIIs applying using the UPI mechanism) to the respective SCSB, where the Applicant has a bank account and shall not submit it to any non-SCSB bank.



Further, for applications submitted to designated intermediaries (other than SCSBs), with use of UPI for payment, after accepting the application form, respective intermediary shall capture and upload the relevant Application details, including UPI ID, in the electronic bidding system of stock exchange(s).

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number. Applicants are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Application Amount can be blocked by the SCSB or Sponsor Bank at the time of submitting the Application.

Applicants are required to submit their applications only through any of the following Designated Intermediary:

- i. an SCSB, with whom the bank account to be blocked, is maintained
- ii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')
- iii. a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- iv. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

Retails investors submitting application with any of the entities at (ii) to (v) above (hereinafter referred as 'Intermediaries'), and intending to use UPI, shall also enter their UPI ID in the application form.

The aforesaid intermediaries shall, at the time of receipt of an application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

Stock exchange(s) shall validate the electronic application details with depository's records for DP ID/Client ID and PAN, on a real time basis and bring the inconsistencies to the notice of intermediaries concerned, for rectification and re-submission within the time specified by stock exchange.

Stock exchange(s) shall allow modification of selected fields viz. DP ID/Client ID or Pan ID (Either DP ID/Client ID or Pan ID can be modified but not BOTH), Bank code and Location code, in the application details already uploaded.

Upon completion and submission of the Application Form to Designated Intermediary, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.

### **Availability of Prospectus and Application Forms**

The Application Forms and copies of the Prospectus and the abridged prospectus may be obtained from the Registered Office and Corporate Office of our Company, offices of Lead Manager to the Issue and Registrar to the Issue as mentioned in the Application Form. The application forms may also be downloaded from the website of SCSBs (via Internet Banking) and Stock Exchange(s) at least one day prior to the Application /Issue Opening Date.

### **WHO CAN APPLY?**

*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:

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors through natural/legal guardian;

2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicants 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;
3. 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;
4. Mutual Funds registered with SEBI;
5. 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;
6. 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);
7. FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
8. Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
9. State Industrial Development Corporations;
10. 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;
11. Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
12. Insurance Companies registered with IRDA;
13. Provident Funds and Pension Funds with minimum corpus of ₹ 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
14. Multilateral and Bilateral Development Financial Institutions;
15. 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;
16. Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
17. 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.

In addition to the category of Applicants set forth above, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non-Institutional Investors (NIIs) category;
- Scientific and / or industrial research organizations authorized in India to invest in the Equity Shares.

#### **MAXIMUM AND MINIMUM APPLICATION SIZE**

##### ***(a) For Retail Individual Applicants:***

The Application must be for a minimum of 2000 Equity Shares and in multiples of 2000 Equity Shares thereafter, so as to ensure that the Application Amount payable by the Applicant does not exceed ₹ 2,00,000.

In case of revision of Application, the Retail Individual Applicants have to ensure that the Application Amount does not exceed ₹ 2,00,000.

##### ***(b) For Eligible Employees***

The Application must be for a minimum of 2000 Equity Shares and in multiples of 2000 Equity Shares thereafter, so as to ensure that the Application Amount payable by the Applicant does not exceed ₹ 5,00,000.

However, an Application by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for an Application Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion (post the initial Allocation of up to ₹ 200,000 per Eligible Employee), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Application in excess of ₹ 200,000, subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹ 500,000.

***(c) For Other than Retail Individual Applicants:***

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 2000 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. A QIB and a Non- Institutional Applicant cannot withdraw or lower the size of their Application at any stage and are required to pay the entire Application Amount upon submission of the Application. The identity of QIBs applying in the Net Issue shall not be made public during the Issue Period. In case of revision in an Application, the Non- Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**PARTICIPATION BY ASSOCIATED/AFFILIATES OF LEAD MANAGER**

The Lead Manager 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 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. All categories of investors, including associates or affiliates of Lead Manager shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Promoter and Promoter Group and any persons related to our Promoters and Promoter Group cannot participate in the Issue.

**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 (other than minor having valid depository accounts as per demographic details provided by the depository), 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 (HUF), partnership firms or their nominees. In case of HUFs, application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. Eligible NRIs applying on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE / FCNR accounts as well as NRO accounts.

**APPLICATIONS BY ELIGIBLE NRI'S**

NRIs may obtain copies of Application Form from the offices of the Lead Manager and the Designated Intermediaries. Eligible NRI Applicants bidding on a repatriation basis by using the Non- Resident Forms should authorize their SCSB to block their Non-Resident External (NRE) accounts, or Foreign Currency Non-Resident (FCNR) ASBA Accounts. Eligible NRI Applicants bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (NRO) accounts for the full Application Amount, at the time of the submission of the Application Form.

Eligible NRIs bidding on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

## **APPLICATIONS BY FPI INCLUDING FIIs**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Issue, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FPI after registering as an FPI under the SEBI FPI Regulations.

In case of Applications made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Applications made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason.

With regards to purchase/sale of capital instruments of an Indian Company by an FPI under PIS, the total holding by each FPI or an investor group as referred in SEBI (Foreign Portfolio Investor) Regulations, shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian Company and the total holdings of all FPIs put together shall not exceed 24% of paid-up equity capital on fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10% and 24% will be called the individual and aggregate limit, respectively. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian Company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body. For arriving at the ceiling on holdings of FIIs, shares/ convertible debentures acquired both through primary as well as secondary market will be included. However, the ceiling will not include investment made by FII through off-shore Funds, Global Depository receipts and Euro- Convertible Bonds. With regard to convertible debentures, these investments permitted to be made shall not exceed 5 % of the total paid-up equity capital or 5% of the paid-up value of each series of convertible debentures issued by an Indian Company, and shall also not exceed the over-all ceiling limit of 24 % of paid-up equity capital or paid up value of each series of convertible debentures.

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 offered overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event

- (i) such offshore derivative instruments are offered only to persons who are regulated by an appropriate regulatory authority; and
- (ii) such offshore derivative instruments are offered after compliance with know your client norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Issue are advised to use the Application Form for Non- Residents (blue in colour).

## **APPLICATIONS BY MUTUAL FUNDS**

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.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

The 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.

#### **APPLICATIONS BY SEBI REGISTERED VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

**Our Company or Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.**

**All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

#### **APPLICATIONS BY ELIGIBLE EMPLOYEES**

The application must be for a minimum of 2000 Equity Shares and in multiples of 2000 Equity Shares thereafter so as to ensure that the Application Price payable by the Eligible Employee does not exceed ₹ 5,00,000 (net of employee discount). However, the initial Allotment to an eligible employee in the Employee Reservation Portion shall not exceed ₹ 2,00,000 (net of employee discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be allotted on a proportionate basis to Eligible Employees nodding in the Employee Reservation Portion, for a value in excess of ₹ 2,00,000, subject to the total allotment to an Eligible Employee not exceeding ₹ 5,00,000 (net of employee discount)

- i. Applications under Employee Reservation Portion by Eligible Employees shall be made only in the prescribed Application Form or Revision Form.
- ii. Eligible Employees should mention their employee number at the relevant place in the Application Form.



- iii. The Applicant should be an Eligible Employee as defined above. In case of joint Applications, the first Applicant shall be an Eligible Employee.
- iv. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- v. Eligible Employees will have to make an application like any other Applicant. Only those Applications, which are received at the Issue Price, would be considered for Allotment under this category.
- vi. Eligible Employees can apply at Cut-off Price.
- vii. Application by Eligible Employees can be made also in the Net Issue and such Applications shall not be treated as multiple Applications.
- viii. If the aggregate demand in this category is less than or equal to 30,000 Equity Shares at the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- ix. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.
- x. If the aggregate demand in this category is greater than 30,000 Equity Shares at the Issue Price, the allocation shall be made on a proportionate basis.

#### **APPLICATIONS BY SYSTEMATICALLY IMPORTANT NON-BANKING**

In case of Applications made by Systemically Important Non-Banking Financial Companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Application Form. Failing this, our Company reserve the right to reject any Application, without assigning any reason thereof. Systemically Important Non-Banking Financial Companies participating in the Issue shall comply with all applicable legislations, regulations, directions, guidelines and circulars issued by RBI from time to time.

#### **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 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 reasons thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the 'IRDA Investment Regulations'), are broadly set forth below:

1. *Equity shares of a Company:* The least of 10% of the investee Company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
2. *The entire group of the investee Company:* not more than 15% of the respective funds in case of life insurer or 15% of investment assets in case of general insurer or re-insurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
3. *The industry sector in which the investee Company operates:* not more than 15% of the fund of a life insurer or a general insurer or a re-insurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in case of investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or a general insurer and the amount calculated under points (1), (2) and (3) above, as the case may be. Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

## **APPLICATIONS UNDER POWER OF ATTORNEY**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPI's, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, 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 addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Applications by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b) With respect to Applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c) With respect to Applications made by provident funds with a minimum corpus of ₹ 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- d) With respect to 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 Bid cum Application Form
- e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the Lead Manager may deem fit.

The above information is given for the benefit of the Applicants. Our Company and Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and Applicants are advised to ensure that any single Application from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Prospectus.

## **APPLICATIONS BY PROVIDENT FUNDS/PENSION FUNDS**

In case of Applications made by provident funds with minimum corpus of ₹ 25 Crore (subject to applicable law) and pension funds with minimum corpus of ₹ 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.

## **APPLICATIONS BY BANKING COMPANIES**

In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking Company's investment committee are required to be attached to the Bid cum application Form, failing which our Company reserve the right to reject any Application by a banking Company without assigning any reason.

Application Form, failing which our Company reserve the right to reject any Application by a banking Company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("Banking Regulation Act"), and the Reserve Bank of India ("Financial Services provided by Banks") Directions, 2016, is 10% of the paid-up share capital of the investee Company not being its subsidiary engaged in non-financial services or 10% of the banks own paid-up share capital and reserves,



whichever is lower. However, a banking Company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee Company if (i) the investee Company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks 'interest on loans / investments made to a Company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking Company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services Company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a nonfinancial services Company in excess of 10% of such investee Company's paid up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

#### **APPLICATIONS BY SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making an application in public issues and clear demarcated funds should be available in such account for such applications.

#### **INFORMATION FOR THE APPLICANTS**

1. Our Company has registered the Prospectus with the RoC at least three working days before the Issue Opening Date.
2. Our Company shall, after registering the Prospectus with the RoC, make a pre- Issue advertisement, in the form prescribed under the SEBI ICDR Regulations, in English and Hindi national newspapers and one regional newspaper with wide circulation. In the pre- Issue advertisement, our Company and the Lead Manager shall advertise the Issue Opening Date, the Issue Closing Date. This advertisement, subject to the provisions of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.
3. Any Applicant who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Registered Office or Corporate Office of our Company.
4. Applicants who are interested in subscribing to the Equity Shares should approach any of the Designated Intermediary or their authorised agent(s).
5. Applications should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected
6. Designated Intermediaries (other than SCSBs) shall submit/ deliver ASBA Forms(except Application Forms from RIIs applying using the UPI mechanism) to the respective SCSB, where the Applicant has a bank account and shall not submit it to any non-SCSB bank.

Further, for applications submitted to designated intermediaries (other than SCSBs), with use of UPI for payment, after accepting the application form, respective intermediary shall capture and upload the relevant Application details, including UPI ID, in the electronic bidding system of stock exchange(s).

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number. Applicants are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Application Amount can be blocked by the SCSB or Sponsor Bank at the time of submitting the Application.

7. Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of an application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Applicants.
8. Our Company shall allot securities offered to the public within the period prescribed by SEBI. Our Company further agrees that it shall pay interest at the rate of 15% per annum if the allotment letters or refund orders/unblocking instructions have not been despatched to the applicants 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 within eight days from the date of the closure of the Issue. However, applications received after the closure of Issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.
9. The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the Issue or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.

#### **OPTION TO SUBSCRIBE IN THE ISSUE**

- (a) As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialized form only.
- (b) The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only. A single Bid cum 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.

#### **METHOD OF APPLICATIONS**

1. Applicants are required to submit their applications only through any of the following Designated Intermediary:
  - i. an SCSB, with whom the bank account to be blocked, is maintained
  - ii. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) (‘broker’)
  - iii. a depository participant (‘DP’) (whose name is mentioned on the website of the stock exchange as eligible for this activity)
  - iv. a registrar to an issue and share transfer agent (‘RTA’) (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The Issue Period shall be for a minimum of three Working Days and shall not exceed ten Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding ten Working Days.

The Intermediaries shall accept applications from all Applicants and they shall have the right to vet the applications during the Issue Period in accordance with the terms of the Prospectus.

The Applicant cannot apply on another Application Form after one Application Form has been submitted to Designated Intermediary. Submission of a second Application Form to either the same or to another Designated Intermediary will be treated as multiple applications and is liable to be rejected either before entering the

application into the electronic collecting system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue.

- The intermediaries shall, at the time of receipt of an application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.
- The upload of the details in the electronic system of stock exchange and post that blocking of funds will be done by as given below

<b>For applications submitted by investors to SCSB:</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
<b>For applications submitted by investors to intermediaries other than SCSBs without use of UPI for payment</b>	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.
<b>For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment:</b>	After accepting the application form, respective intermediary shall capture and upload the relevant details, including UPI ID, in the electronic system of stock exchange(s).  Stock Exchange shall share application details including the UPI ID with Sponsor Bank on a continuous basis, to enable Sponsor Bank to initiate mandate request on investors for blocking of funds. Sponsor Bank shall initiate request for blocking of funds through NPCI to investor. Investor to accept mandate request for blocking of funds, on his / her mobile application, associated with UPI ID linked bank account.

- The Applicant cannot make an application through another Application Form after Bids through one Application Form have been submitted to a LM or the SCSBs. Submission of a second Application Form to either the same or to another LM or SCSB will be treated as multiple Application and is liable to be rejected either before entering the Application into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Applicant can revise the Application through the Revision Form.
- The Lead Manager/the SCSBs will enter each Application option into the electronic bidding system as a separate Application and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Applicant. Therefore, an Applicant can receive up to three TRSs for each Bid cum Application Form.

#### **NUMBER OF APPLICATIONS PER BANK ACCOUNT**

An investor making application using any of channels under UPI Payments Mechanism, shall use only his / her own bank account or only his / her own bank account linked UPI ID to make an application in public issues. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection. Sponsor Bank shall provide the investors UPI linked bank account details to RTA for purpose of reconciliation. RTA shall undertake technical rejection of all applications to reject applications made using third party bank account.

#### **ISSUANCE OF A CONFIRMATION NOTE ("CAN") AND ALLOTMENT IN THE ISSUE**

- 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 or Sponsor Bank a list of their Applicants who have been allocated Equity Shares in the Issue.

2. The Registrar will then dispatch an allotment advice to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of an allotment advice shall be deemed a valid, binding and irrevocable contract for the Applicant.

## **TERMS OF PAYMENT**

### **Terms of Payment**

The entire Issue price of ₹ 51/- per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied The Registrar to the Issue shall instruct the SCSBs to unblock the excess amount blocked.

SCSBs or Sponsor Bank will transfer the amount as per the instruction received by the Registrar to the Public Issue Bank Account post finalisation of Basis of Allotment. The balance amount after transfer to the Public Issue Account shall be unblocked by the SCSBs or Sponsor Bank.

The Applicants should note that the arrangement with Banker to the Issue or the Registrar or Sponsor Bank is not prescribed by SEBI and has been established as an arrangement between our Company, the Banker to the Issue, the Lead Manager and the Registrar to the Issue to facilitate collections from the Applicants.

### **Payment mechanism for Applicants**

The Applicants shall specify the bank account number, or the UPI ID, in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account, may not be accepted. The SCSB or Sponsor Bank shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the bid cum application or receipt of instructions from the Registrar to unblock the Application Amount.

However, Non-Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all Investors are applying in this Issue shall mandatorily make use of ASBA facility for application providing details of the bank account which will be blocked by the Self-Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

## **ELECTRONIC REGISTRATION OF APPLICATIONS**

- (a) The Designated Intermediary may register the Applications using the on-line facilities of the Stock Exchange. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Application / Issue Closing Date, the Designated Intermediaries may upload the Applications till such time as may be permitted by the Stock Exchange.
- (c) Only Applications that are uploaded on the Stock Exchange Platform are considered for allocation/Allotment. In the Phase 1, the Designated Intermediaries are given till 1:00 pm on the day following the Application/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Application/ Issue Period after which the Stock Exchange send the application information to the Registrar to the Issue for further processing.

## **WITHDRAWAL OF APPLICATIONS**

- (a) RIIs can withdraw their Applications until Application/ Issue Closing Date. In case a RII wishes to withdraw the Application during the Application/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB or Sponsor Bank in the ASBA Account.
- (b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Applications at any stage.

## **SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC**

- a) Our Company has entered into an Underwriting agreement dated April 22, 2019.
- b) A copy of the Prospectus has been registered with the RoC in terms of Section 26 of the Companies Act.

## **PRE- ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in: (i) English National daily Newspaper; (ii) Hindi National daily Newspaper; and (iii) Regional Newspaper, each with wide circulation at the place where the Registered Office of the Company is situated. In the pre-Issue advertisement, we shall state the Application Opening Date and the Application Closing Date and the price along with the necessary details subject to Regulation 250 of the SEBI ICDR Regulations. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI Regulations.

## **GENERAL INSTRUCTIONS**

### ***Do's:***

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about the PAN, DP ID and Client ID, UPI ID are correct and the Applicants depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
- Ensure that your Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Application Centres;
- If the first applicant is not the account holder, ensure that the Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- Ensure that the signature of the First Applicant in case of joint Applications, is included in the Application Forms;
- QIBs, Non-Institutional Applicants and the Retail Applicants should submit their applications through the ASBA process only. However, pursuant to SEBI circular dated November 01, 2018, RII may submit their application by using UPI mechanism for payment.
- 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 the category and the investor status is indicated;
- Ensure that in case of an Application under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
- Ensure that Applications submitted by any person outside India should be in compliance with applicable foreign and Indian laws;



- Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form under the ASBA process or application forms submitted by RIIs using UPI mechanism for payment, to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
- Submit revised Applications to the same Designated Intermediary, through whom the original Application was placed and obtain a revised acknowledgment;
- Except for Applications (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Applications by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Applicants should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
- Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- Applicants should note that in case the DP ID, Client ID and the PAN mentioned in their Application Form and entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Applications are liable to be rejected. Where the Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Application Form;
- Ensure that the Application Forms are delivered by the Applicants within the time prescribed as per the Application Form and the Prospectus;
- Ensure that you have mentioned the correct ASBA Account number or UPI ID in the Application Form;
- Ensure that you have mentioned the details of your own bank account for blocking of fund or your own bank account linked UPI ID to make an application in the Public Issue;
- Ensure that on receipt of the mandate request from sponsor bank, you have taken necessary step in timely manner for blocking of fund on your account through UPI ID using UPI application;
- Ensure that you have correctly signed the authorization/undertaking box in the Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Bid cum Application Form at the time of submission of the Application;
- Ensure that the category and the investor status is indicated;
- The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price mentioned herein or in the Application Form
- Do not pay the Application Price in cash, cheque, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Designated Intermediary only;

- Do not submit the Application Forms to any non-SCSB bank or our Company;
- Do not Apply on an Application Form that does not have the stamp of the relevant Designated Intermediary;
- Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
- Do not Apply for an Application Amount exceeding ₹2,00,000 (for Applications by Retail Individual Applicants);
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not submit the Application without ensuring that funds equivalent to the entire Application Amount are blocked in the relevant ASBA Account;
- Do not submit Applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant
- Do not submit an Application in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.
- Do not submit more than one ASBA Forms per ASBA Account;
- Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Applications submitted by RII Applicant using the UPI mechanism;
- Do not submit an Application by using details of the third party's bank account or UPI ID which is linked with bank account of the third party. Kindly note that Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

#### **INSTRUCTION FOR COMPLETING THE APPLICATION FORM**

In addition to the instructions for completing the Application Form provided in the General Information Document, Applicants are requested to note the additional instructions provided below:

1. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Applications must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
2. ASBA Applications must be made in a single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant), and completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Prospectus and in the ASBA Form.
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of Eligible NRIs, FPIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Applications by Eligible NRIs for a Application Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an Application Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

#### **EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- (a) Agreement dated January 14, 2019 among NDSL, the Company and the Registrar to the Issue; and
- (b) Agreement dated January 29, 2019 among CDSL, the Company and the Registrar to the Issue;



(c) The Company's shares bear ISIN No: INE04LG01015

### **NAMES OF ENTITIES RESPONSIBLE FOR FINALIZING THE BASIS OF ALLOTMENT IN A FAIR AND PROPER MANNER**

The authorised employees of the Stock Exchange, along with the Lead Manager and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

### **METHOD OF ALLOTMENT AS PRESCRIBED BY SEBI FROM TIME TO TIME**

#### **a. FOR RETAIL INDIVIDUAL APPLICANTS**

Applications received from the Retail Individual Applicants at the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Applicants will be made at the Issue Price.

The Issue size less Allotment to Non-Institutional Applicants shall be available for Allotment to Retail Individual Applicants who have Applications in the Issue at a price that is equal to the Issue Price. If the aggregate demand in this category is less than or equal to 7,80,000 Equity Shares at the Issue Price, full Allotment shall be made to the Retail Individual Applicants to the extent of their valid Application.

If the aggregate demand in this category is greater than 7,80,000 Equity Shares at the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum 2000 Equity Shares and in multiples of 2000 Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

#### **b. FOR NON-INSTITUTIONAL APPLICANTS**

Applications received from Non-Institutional Applicants at the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Applications will be made at the Issue Price.

The Issue size less Allotment to Retail shall be available for Allotment to Non- Institutional Applicants who have Applications in the Issue at a price that is equal to the Issue Price. If the aggregate demand in this category is less than or equal to 7,78,000 Equity Shares at the Issue Price, full Allotment shall be made to Non-Institutional Applicants to the extent of their demand.

In case the aggregate demand in this category is greater than 7,78,000 Equity Shares at the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 2000 Equity Shares and in multiples of 2000 Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

### **MODE OF MAKING REFUNDS**

In case of ASBA Applications: Within six (6) Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Applications or for any excess amount blocked on Bidding.

The Registrar to the Issue may instruct the controlling branch of the SCSBs 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.

### **COMMUNICATIONS**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar 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 Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Applicants can contact the Compliance Officer or the Registrar in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

## DISPOSAL OF APPLICATIONS

In case of applicants who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 6 Working Days from the Application/ Issue Closing Date.

Our Company shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange where the Equity Shares are proposed to be listed, are taken within 6 Working Days of the Application/ Issue Closing Date.

## IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who—*

- (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.”

## PROCEDURE AND TIME OF SCHEDULE FOR ALLOTMENT AND DEMAT CREDIT

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.

- (a) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (b) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Applicants Depository Account which will be completed within 4 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicants depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Issue Account on the Designated Date.

## DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Registrar to the Issue shall instruct the SCSBs or Sponsor Bank to unblock funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. **Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Applicants Depository Account will be completed within 4 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository

account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Issue Account on the Designated Date.

#### **GROUND FOR TECHNICAL REJECTIONS**

In addition to the grounds for rejection of Applications on technical grounds as provided in the General Information Document, Applicants are requested to note that Applications may be rejected on the following additional technical grounds:-

1. Applications submitted by Applicants which do not contain details of the Application Amount and the bank account or UPI details in the ASBA Form;
2. Applications submitted on a plain paper;
3. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
4. Application submitted without the signature of the First Applicant or sole Applicant;
5. With respect to ASBA Applications, the ASBA Form not being signed by the account holders, if the account holder is different from the Applicant;
6. Submission of Application Form using third party bank account linked UPI ID or third party ASBA Account;
7. 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;
8. GIR number furnished instead of PAN;
9. PAN not mentioned in the Application Form;
10. Applications for number of Equity Shares which are not in multiples of 2000;
11. Applications by Retail Individual Applicants with Application Amount for a value of more than ₹ 200,000;
12. Applications by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
13. Applications accompanied by cheques/demand drafts/money order/postal order/cash/demand draft/stock invest;
14. Applications by persons in the United States other than 'qualified institutional buyers' (as defined in Rule 144A of the Securities Act); and
15. Applications or revisions thereof by QIB Applicants, Non-Institutional Applicants where the Application Amount is in excess of ₹2,00,000, received after 3.00 pm on the Issue Closing Date, unless the extended time is permitted by NSE.

#### **GROUND FOR REFUND**

##### **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 this Prospectus. The Designated Stock Exchange may be as disclosed in this Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make an application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and 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 this 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 39 of the Companies Act, and as disclosed in this Prospectus.

#### **Non-fulfilment of the obligations by the underwriters**

The Issue is not restricted to any minimum subscription and is 100% underwritten. If the Issuer does not receive subscription of 100% of the Issue, including devolvement to the Underwriters, as applicable, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Application/ Issue Closing Date. This is further subject to the compliance with Rule 19(2)(b) of the SCRR.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Applicants, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of prescribed time period under applicable laws, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

#### **Minimum number of Allottees**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

### **UNDERTAKINGS BY THE COMPANY**

Our Company 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 on Stock Exchange. Where the Equity Shares are proposed to be listed within six working days from Issue Closure date.
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 and Share Transfer Agent to the Issue by our Company;
4. That our Promoter's contribution in full has already been brought in;
5. That no further Issue of Equity Shares shall be made till the Equity Shares Offered through this Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.;
6. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment;
7. If our Company does not proceed with the Issue after the Application/Issue Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company within two days of the Application /Issue Closing Date. The public notice shall be issued in the same newspapers where the Pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
8. If our Company withdraws the Issue after the Application /Issue Closing Date, our Company shall be required to file a fresh Prospectus with the Stock exchange/RoC/SEBI, in the event our Company subsequently decides to proceed with the Issue;
9. If allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period.

### **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 unutilized, 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
4. Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchange where listing is sought has been received.

The Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactory.

## 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 Foreign Exchange Management Act, 1999 (“**FEMA**”). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India (“**RBI**”) and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”).

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment (“**FDI**”) through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”), has issued consolidated FDI Policy Circular of 2017 (“**FDI Policy 2017**”), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India (“**RBI**”) also issues Master Directions Foreign Investment in India and updates at the same from time to time. Presently, FDI in India is being governed by Master Directions on Foreign Investment No. RBI/FED/2017-18/60 FED Master Direction No. 11/2017-18 dated January 4, 2018, as updated from time to time by RBI. In terms of the Master Directions, an Indian Company may issue fresh shares to people resident outside India (who is 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 Directions. 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.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present, our Company is in the business of manufacturing of antacid raw materials. These activities are covered under the head of “Manufacturing” (Article 5.2.5.1) of the FDI Policy 2017 which permits 100% of foreign direct investment through automatic route. Therefore, applicable foreign investment up to 100% is permitted in our Company under the automatic route. In case of investment in sectors through Government Route approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2017 has to be obtained by the Company.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include: (i) where the transfer of shares requires the prior approval of the Government as per the extant FDI policy provided that: a) the requisite approval of the Government has been obtained, and b) the transfer of shares adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time.; (ii) where the transfer of shares attract SEBI (SAST) Regulations subject to the adherence to the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.; (iii) where the transfer of shares does not meet the pricing guidelines under the FEMA, 1999 provided that: a) The resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.; b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations/guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/substantial acquisition/SEBI SAST); and Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations/guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank and iv) where the investee Company is in the financial sector provided that: a) Any ‘fit and proper/due diligence’ requirements as regards the non-resident investor as stipulated by the respective financial sector regulator, from time to time, have been complied with; and b) The FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, pricing, etc.), reporting requirements, documentation etc., are



complied with. As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of our Company investors 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. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

#### **Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2017, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FPI, NRI/OCI, LLPs, FVCI, Investment Vehicles and DRs under Schedule 1, 2, 3, 6, 7, 8, 9, and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations, 2017. Any equity holding by a person resident outside India resulting from the conversion of any debt instrument under any arrangement shall be reckoned as a foreign investment under the composite cap.

Portfolio Investment to aggregate foreign investment level of 49% or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in the transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance with sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity, will not exceed the sectoral/statutory cap.

Subject to the provisions of the FDI policy, foreign investment in 'manufacturing' sector is under the automatic route. Further, a manufacturer is permitted to sell its products manufactured in India through wholesale and/or retail, including through e-commerce, without Government approval.

#### **i. Investment by FPIs under Portfolio Investment Scheme (PIS):**

With regards to purchase/sale of capital instruments of an Indian Company by an FPI under PIS the total holding by each FPI or an investor group as referred in SEBI (FPI) Regulations, 2014 shall not exceed 10 % of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian Company and the total holdings of all FPIs put together shall not exceed 24 % of paid-up equity capital on fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10 percent and 24 percent will be called the individual and aggregate limit, respectively. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian Company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

#### **ii. Investment by NRI or OCI on repatriation basis:**

The purchase/sale of equity shares, debentures, preference shares and share warrants issued by an Indian Company (hereinafter referred to as "Capital Instruments") of a listed Indian Company on a recognised stock exchange in India by Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2017 that is:

The total holding by any individual NRI or OCI shall not exceed 5 percent of the total paid-up equity capital on a fully diluted basis or should not exceed 5 percent of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian Company and the total holdings of all NRIs and OCIs put together shall not exceed 10 percent of the total paid-up equity capital on a fully diluted basis or shall not exceed 10 percent of the paid-up value of each series of debentures or preference shares or share warrants; provided that the aggregate ceiling of 10 percent may be raised to 24 percent if a special resolution to that effect is passed by the general body of the Indian Company.



**iii. Investment by NRI or OCI on non-repatriation basis**

As per current FDI Policy 2017, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – Purchase/ sale of Capital Instruments or convertible notes or units or contribution to the capital of an LLP by a NRI or OCI on non-repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”) or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of “US Persons” as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

**Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.**

**Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the “Prospectus Directive”) has been or will be made in respect of the Issue in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue.**

**Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Prospectus.**

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 and do not exceed the applicable limits under the laws and regulations.

## **SECTION IX – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**

### **THE COMPANIES ACT, 2013**

### **COMPANY LIMITED BY SHARES**

(Incorporated under the Companies Act, 1956)

### **ARTICLES OF ASSOCIATION**

### **OF**

### **PAR DRUGS AND CHEMICALS LIMITED**

#### **PRELIMINARY**

1. No regulation contained in Table “F” in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto.

#### **INTERPRETATION**

2. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company. In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:

In these regulations –

- (a) “Act” means the Companies Act, 2013 and the relevant rules framed thereunder from time to time; and includes where the context so admits, any re-enactment or statutory modification thereof for the time being in force.
- (b) “Articles” means these Articles of Association as framed or altered from time to time.
- (c) “Auditors” means and includes those persons appointed as such for the time being of the Company.
- (d) “Capital” means the share capital for the time being raised or authorized to be raised for the purpose of the Company.
- (e) “Company” means **“PAR DRUGS AND CHEMICALS LIMITED”**.
- (f) “Executor” or “Administrator” means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act,
- (g) “Legal Representative” means a person who in law represents the estate of a deceased Member.
- (h) “Gender” words importing the masculine gender also include the feminine gender

- (i) “In Writing” and “Written” includes printing lithography and other modes of representing or reproducing words in a visible form.
- (j) “Marginal Notes” hereto shall not affect the construction thereof.
- (k) “Meeting” or “General Meeting” means a meeting of members
- (l) “Month” means a calendar month.
- (m) “Annual General Meeting” means a General Meeting of the Members held in accordance with the provision of Section 96 of the Act.
- (n) “Extra-Ordinary General Meeting” means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.
- (o) “National Holiday” means and includes a day declared as National Holiday by the Central Government.
- (p) “Non-retiring Directors” means a director not subject to retirement by rotation.
- (q) “Office” means the Registered Office for the time being of the Company.
- (r) “Ordinary Resolution” and “Special Resolution” shall have the meanings assigned thereto by Section 114 of the Act.
- (s) “Person” shall be deemed to include corporations and firms as well as individuals.
- (t) “Proxy” means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.
- (u) “The Register of Members” means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act.
- (v) “Seal” means the common seal for the time being of the Company.
- (w) “Singular Number” Words importing the Singular number include where the context admits or requires the plural number and vice versa
- (x) “The Statutes” means the Companies Act, 2013 and every other Act for the time being in force affecting the Company
- (y) “These presents” means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.
- (z) “Variation” shall include abrogation; and “vary” shall include abrogate.
- (aa) “Year” means the calendar year and “Financial Year” shall have the meaning assigned thereto by Section 2(41) of the Act.

Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.

## **SHARE CAPITAL**

- 3.** The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.
- 4.** Kinds of Share Capital

- a. The Company may issue any kind of shares including but not limited to the following in accordance with these Articles, the Act, the Rules and other applicable laws:
  - i. Equity share capital:
    - (ia) with voting rights; and / or
    - (ib) with differential rights as to dividend, voting or otherwise in accordance with the Rules; and
  - ii. Preference share capital.
- b. The Company may issue debentures or any other Securities as may be permissible by applicable laws.
- c. The Company may convert any kind of securities into another kind of security in accordance with the provisions of the applicable laws.

**5. Further issue of capital**

- a. The Board or 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; or
  - iii. any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above.
- 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, subject to and in accordance with the Act and the Rules and SEBI guidelines

- 6.** The Company shall have power to issue Securities at a premium and shall duly comply with the provision of Sections 52 of the said Act.
- 7.** The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.
- 8.** Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
- 9.** The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as

they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

10. Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the Company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit.
11. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.
12. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:
  - a. No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;
  - b. No such Shares shall be redeemed unless they are fully paid;
  - c. Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;
  - d. Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and
  - e. Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital
13. The Company may (subject to the provisions of sections 52, 55, 66, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce
  - a. the share capital;
  - b. any capital redemption reserve account; or
  - c. any security premium account

In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

14. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to

conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

15. The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.
16. The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called
17. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.
18. Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
19. Subject to compliance with applicable provision of the Act and rules framed thereunder the Company shall have power to issue depository receipts in any foreign country.
20. Subject to compliance with applicable provision of the Act and rules framed thereunder the Company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.

#### **MODIFICATION OF CLASS RIGHTS**

**21.**

- a. If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.

- b. The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the

terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

22. Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.
23. The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder.
24. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
25. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.
26. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.
27. The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.
28. Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.
29. Shares may be registered in the name of any limited Company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.



## **RETURN ON ALLOTMENTS TO BEV MADE OR RESTRICTIONS ON ALLOTMENT**

- 30.** The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Sections 39 of the Act

## **CERTIVIFICATES**

**31.**

- a. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.
  - b. Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.
  - c. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
- 32.** If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 50/- for each certificate) as the Directors shall

prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

**33.**

- a. If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.
- b. The Company shall not be bound to register more than three persons as the joint holders of any share.

**34.** Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

**35.** If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

#### **UNDERWRITING AND BROKERAGE**

**36.** Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

**37.** The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.

#### **CALLS**

**38.**

- a. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not

by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.

b. A call may be revoked or postponed at the discretion of the Board.

c. A call may be made payable by installments.

- 39.** Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.
- 40.** A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.
- 41.** Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.
- 42.** The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.
- 43.** If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
- 44.** If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
- 45.** On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- 46.** Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment

of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

**47.**

- a. The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.
- b. No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.

#### **LIEN**

- 48.** The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause
- 49.** For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.
- 50.** The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

## **FORFEITURE AND SURRENDER OF SHARES**

- 51.** If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.
- 52.** The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.
- The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.
- 53.** If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
- 54.** When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.
- 55.** Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.
- 56.** Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.
- 57.** The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
- 58.** A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

59. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.
60. Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.
61. In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.
62. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
63. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

## **TRANSFER AND TRANSMISSION OF SHARES**

- 64.
- a. The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.
  - b. The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.
65. The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.
- The instrument of transfer shall be in a common form approved by the Exchange;
66. The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to



the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

- 67.** Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register—
- a. any transfer of shares on which the Company has a lien.
  - b. that registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever;
- 68.** If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.
- 69.** No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.
- 70.** The Board of Directors shall have power on giving not less than seven days previous notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
- 71.** The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.
- 72.** Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- 73.** For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
- 74.**
- a. On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.
  - b. (b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.



Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate

- c. Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

- 75. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act.
- 76. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.
- 77. Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.
- 78. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
- 79. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
- 80. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be

bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

- 81.** In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.
- 82.** No transfer shall be made to any minor, insolvent or person of unsound mind.

### **NOMINATION**

- 83.**
- a. Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.
  - b. No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014
  - c. The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.
  - d. If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.
- 84.** A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
- a. to be registered himself as holder of the security, as the case may be; or
  - b. to make such transfer of the security, as the case may be, as the deceased security holder, could have made;
  - c. if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;
  - d. a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other

moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

### **DEMATERIALISATION OF SHARES**

- 85.** Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form

### **JOINT HOLDER**

- 86.** Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles.

**87.**

- a. The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
- b. on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;
- c. Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and
- d. only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.

### **SHARE WARRANTS**

- 88.** The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

**89.**

- a. The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.
- b. Not more than one person shall be recognized as depositor of the Share warrant.
- c. The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

**90.**

- a. Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.
- b. The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

**91.** The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

### **CONVERSION OF SHARES INTO STOCK**

**92.** The Company may, by ordinary resolution in General Meeting.

- a. convert any fully paid-up shares into stock; and
- b. re-convert any stock into fully paid-up shares of any denomination.

**93.** The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

**94.** The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

**95.** Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.

### **BORROWING POWERS**

**96.** Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, Company, co-operative society, anybody corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

**97.** Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions

as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

- 98.** The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or Company of any obligation undertaken by the Company or any person or Company as the case may be.
- 99.** Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
- 100.** If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.
- 101.** Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

## **MEETINGS OF MEMBERS**

- 102.** All the General Meetings of the Company other than Annual General Meetings shall be called Extraordinary General Meetings.
- 103.**
- a. The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members
  - b. If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.
- 104.** No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.
- 105.** The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is

unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.

**106.** No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

**107.**

- a. The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- b. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- c. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- d. Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

**108.** In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.

**109.** Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

**110.** The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

### **VOTES OF MEMBERS**

**111.** No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

**112.** Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

**113.** On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.



- 114.** A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
- 115.** Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.
- 116.** A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
- 117.**
- a. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joint holders thereof.
  - b. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
- 118.** Votes may be given either personally or by attorney or by proxy or in case of a Company, by a representative duly Authorised as mentioned in Articles
- 119.** A body corporate (whether a Company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.
- 120.**
- a. A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.
  - b. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.
- 121.** Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.



- 122.** No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.
- 123.** The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
- 124.** An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
- 125.** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.
- 126.** 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.
- 127.** Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

## **DIRECTORS**

- 128.** Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a Company may appoint more than fifteen directors after passing a special resolution
- 129.** A Director of the Company shall not be bound to hold any Qualification Shares in the Company.
- 130.**
- a. Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement
  - b. The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.
  - c. If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be

paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.

- d. The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

- 131.** The Board may appoint an Alternate Director to act for a Director (hereinafter called “The Original Director”) during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.
- 132.** Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.
- 133.** Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.
- 134.** Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.
- 135.** The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

#### **PROCEEDING OF THE BOARD OF DIRECTORS**

**136.**

- a. The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.
- b. A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

**137.**

- a. The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.
- b. Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.

- 138.** Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.
- 139.** 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.
- 140.** Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
- 141.** The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
- 142.**
- a. A committee may elect a Chairperson of its meetings.
  - b. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
- 143.**
- a. A committee may meet and adjourn as it thinks fit.
  - b. Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
- 144.** Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

#### **RETIREMENT AND ROTATION OF DIRECTORS**

- 145.** Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.

## **POWERS OF THE BOARD**

- 146.** The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
- 147.** Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say.
- a. Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or Company carrying on the business which this Company is authorised to carry on, in any part of India.
  - b. Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.
  - c. To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the Company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the Company; to mortgage the whole or any portion of the property of the Company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.
  - d. At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
  - e. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
  - f. To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.

- g. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.
- h. To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.
- i. To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.
- j. To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.
- k. To act on behalf of the Company in all matters relating to bankruptcy insolvency.
- l. To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.
- m. Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.
- n. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;
- o. To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.
- p. To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the Company; and such commission or share of profits shall be treated as part of the working expenses of the Company.
- q. To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.
- r. To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties

of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.

- s. To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.
- t. At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.
- u. Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- v. From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees. To make rules.
- w. To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.



- x. To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests. To apply & obtain concessions licenses etc.
- y. To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.
- z. To redeem preference shares.
- aa. To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.
- bb. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- cc. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.
- dd. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.
- ee. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
- ff. To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.
- gg. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.
- hh. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise



to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.

- ii. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
- jj. To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.
- kk. Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, Company or fluctuating body of persons as aforesaid.
- ll. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

### **MANAGING AND WHOLE-TIME DIRECTORS**

**148.**

- a. Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.
- b. The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

**149.** The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

**150.**

- a. Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the Company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.
- b. The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes,

and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.

- c. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.
- d. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
- e. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

#### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

##### **151.**

- a. Subject to the provisions of the Act,—
  - i. A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - ii. A director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.
- b. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, Company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, Company secretary or chief financial officer.

#### **THE SEAL**

##### **152.**

- a. The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- b. The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.

**153.** The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

## **DIVIDEND AND RESERVES**

**154.**

- a. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- b. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- c. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

**155.** The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

**156.**

- a. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.
- b. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

**157.** Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

**158.** The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

**159.** No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share.

- 160.** 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 dividends as from a particular date such share shall rank for dividend accordingly.
- 161.** The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.
- 162.** No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.
- 163.** A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.
- 164.** Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.
- 165.**
- a. Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
  - b. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- 166.** 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.
- 167.** No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.

## **CAPITALIZATION**

- 168.**
- a. The Company in General Meeting may, upon the recommendation of the Board, resolve:
    - i. 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
    - ii. that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
  - b. The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:
    - i. paying up any amounts for the time being unpaid on any shares held by such members respectively;

- ii. paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
- iii. partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- c. A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.
- d. The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

**169.**

- a. Whenever such a resolution as aforesaid shall have been passed, the Board shall —
  - i. 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
  - ii. generally to do all acts and things required to give effect thereto.
- b. The Board shall have full power —
  - i. to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also
  - ii. to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- c. Any agreement made under such authority shall be effective and binding on all such members.
- d. That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

**170.**

- a. The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.
- b. Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of ₹ 10 per page or any part thereof.

**171.**

- a. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.

- b. No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

### **FOREIGN REGISTER**

- 172.** The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.

### **DOCUMENTS AND SERVICE OF NOTICES**

- 173.** Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.
- 174.** Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the Company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.

### **WINDING UP**

- 175.** Subject to the provisions of Chapter XX of the Act and rules made thereunder—
- a. 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.
  - b. 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.
  - c. 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**

- 176.** Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.



**177.** Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

### **SECRECY**

**178.**

- a. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- b. No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

### **ADVISOR TO THE BOARD**

**179.**

- a. The Board shall be entitled to appoint any person who has rendered significant or distinguished services to the Company or to the industry to which the Company's business relates or in the public field or any professionally sound person in any field, as an Advisor to the Board of the Company.
- b. An Advisor to the Board shall hold office upto the period as may be decided by the Board.
- c. An Advisor to the Board shall be entitled to attend all the meetings of the Board or Committee thereof as if such person were a director of the Company but shall not have any right to vote or shall not be deemed to be a party to any decision of the Board or Committee thereof.
- d. An Advisor to the Board shall not be deemed to be a director for any purposes of the Act or any other statute or Rules made thereunder or these Articles including for the purpose of determining the maximum number of directors which the Company can appoint.



- e. An Advisor to the Board shall perform such rights and duties as from time to time may be prescribed by the Board.

Subject to the applicable statutory provisions, the Board may decide to make any payment in any manner whether by way of Salary, Commission, Perquisites etc. and/ or any combination of the same or in any other manner as mutually agreed by the Board and Advisor for any services rendered by an Advisor to the Company.

## **SECTION X – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Prospectus which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company located at 302, Anmol Plaza, Waghawadi Road, Bhavnagar - 364001, Gujarat, from date of filing the Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

#### **Material Contracts**

1. Issue Agreement dated March 12, 2019 between our Company and the Lead Manager;
2. Registrar to the issue agreement dated March 12, 2019 between our Company and Link Intime India Private Limited, Registrar to the Issue;
3. Underwriting Agreement dated April 22, 2019 between our Company and Underwriter viz. Pantomath Capital Advisors Private Limited;
4. Market Making Agreement dated April 22, 2019 between our Company, Market Maker and the Lead Manager;
5. Banker to the Issue Agreement dated April 23, 2019 amongst our Company, the Lead Manager, Banker to the Issue and the Registrar to the Issue;
6. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated January 14, 2019;
7. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated January 29, 2019

#### **Material Documents**

1. Certified copies of the updated Memorandum and Articles of Association of our Company along with certificates of incorporation as amended from time to time;
2. Resolution of the Board of Directors dated January 17, 2019 in relation to the Issue and other related matters;
3. Special Resolution of the shareholders passed at the Extraordinary General Meeting dated February 09, 2019 authorizing the Issue;
4. Statement of Tax Benefits dated April 22, 2019 issued by Statutory Auditor i.e. M/s. V Dhamsania & Associates., Chartered Accountants;
5. Report of the Statutory Auditor dated April 22, 2019 on the Restated Financial Statements for the years ended March 31, 2019, 2018 and 2017 of our Company.
6. Consents of Promoters, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Banker to the Company, Legal Advisor to the Issue, the Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Banker to the Issue, Refund Banker and Sponsor Bank to the Issue to act in their respective capacities.
7. Copy of In-Principal approval from NSE Limited vide letter dated April 25, 2019, to use its name in this Issue document for listing of Equity Shares on EMERGE Platform of NSE Limited.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

## DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the regulations / guidelines issued by SEBI, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or rules made or regulations / guidelines issued there under, as the case may be. We further certify that all the statements made in this Prospectus are true and correct.

### Signed by all the Directors of our Company

Name and Designation	Signature
<b>Falgun Vallabhbhai Savani</b> <i>Chairman &amp; Managing Director</i> DIN: 00198236	sd/-
<b>Ghanshayambhai Bhagvanbhai Savani</b> <i>Whole time Director</i> DIN: 03055941	sd/-
<b>Jignesh Vallabhbhai Savani</b> <i>Executive Director &amp; CEO</i> DIN: 00198203	sd/-
<b>Shilpa Falgun Savani</b> <i>Non - Executive Director</i> DIN: 00198250	sd/-
<b>Nayna Jignesh Savani</b> <i>Non - Executive Director</i> DIN: 00198189	sd/-
<b>Kajal Chintanbhai Vaghani</b> <i>Independent Director</i> DIN: 08317641	sd/-
<b>Krishna Mitulbhai Shah</b> <i>Independent Director</i> DIN: 08317678	sd/-
<b>Pravin Manjibhai Bhayani</b> <i>Independent Director</i> DIN: 08332851	sd/-

### Signed by Chief Financial Officer of the Company

sd/-

**Chintan Pratapbhai Chauhan**

Chief Financial Officer

**Place:** Vadodara, Gujarat

**Date:** April 25, 2019

**Annexure – A**

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**

<b>Sr · No</b>	<b>Issue Name</b>	<b>Issue Size (Cr)</b>	<b>Issue Price (Rs.)</b>	<b>Listing date</b>	<b>Openin g price on listing date</b>	<b>+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing</b>	<b>+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing</b>	<b>+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing</b>
1.	Ganga Forging Limited	5.00	21.00	July 11, 2018	21.10	0.00% (4.77%)	-4.76% (-5.48%)	15.48% (-2.02%)
2.	Ushanti Colour Chem Limited	11.56	60.00	August 02, 2018	64.20	17.58% (3.88%)	1.67% (-9.30%)	-23.33% (-5.19%)
3.	Manorama Industries Limited	64.00	188.00	October 04, 2018	190.20	-2.26% (-0.45%)	5.69% (3.09%)	6.38% (10.53%)
4.	Innovative Ideals and Services (India) Limited	12.26	40.00	October 05, 2018	43.00	215.00% (1.85%)	320.25% (4.41%)	299.75% (13.61%)
5.	Vinny Overseas Limited	10.37	40.00	October 11, 2018	40.50	11.25% (3.43%)	12.25% (5.54%)	5.00% (13.38%)
6.	Shubhlaxmi Jewel Art Limited	6.51	26.00	December 04, 2018	27.10	33.85% (-0.71%)	111.54% (-0.06%)	Not Applicable
7.	Deccan Health Care Limited	42.12	100.00	December 31, 2018	108.00	28.40% (-1.32%)	7.05% (7.22%)	Not Applicable
8.	Surani Steel Tubes Limited	12.92	52.00	February 06, 2019	53.10	-4.81% (-0.04%)	Not Applicable	Not Applicable
9.	Ritco Logistics Limited	48.18	73.00	February 07, 2019	77.40	-5.00% (-0.81%)	Not Applicable	Not Applicable
10.	Artedz Fabs Limited	8.32	36.00	March 29, 2019	40.00	Not Applicable	Not Applicable	Not Applicable

Sources: All share price data is from [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

**Note:-**

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case the 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> day is a holiday, closing price on BSE/NSE of the previous trading day has been considered.
4. In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> days, scrips are not traded then closing price on BSE/NSE of the previous trading day has been considered.

### SUMMARY STATEMENT OF DISCLOSURE

Financial year	Total no. of IPO	Total funds raised (Rs. Cr)	Nos of IPOs trading at discount on 30th Calendar day from listing date			Nos of IPOs trading at premium on 30th Calendar day from listing date			Nos of IPOs trading at discount on 180th Calendar day from listing date			Nos of IPOs trading at premium on 180th Calendar day from listing date		
			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%
17-18	*30	610.90	-	-	4	10	7	9	-	2	6	12	3	7
18-19	**25\$#	477.04	-	-	6	2	4	11	1	2	7	2	1	7
19-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\*The scripts Bohra Industries Limited, Creative Peripherals and Distribution Limited, Panache Digilife Limited, Zota Health Care Limited, Gautam Exim Limited, Bansal Multiflex Limited, Shrenik Limited, Jigar Cables Limited, Vaishali Pharma Limited, Lexus Granito (India) Limited, Worth Peripherals Limited, R M Drip and Sprinklers Systems Limited, Shree Tirupati Balajee FIBC Limited, Innovative Tyres and Tubes Limited, Poojawestern Metaliks Limited, Airo Lam Limited, Goldstar Power Limited, IRIS Business Services Limited, Tirupati Forge Limited, Beta Drugs Limited, One Point One Solutions Limited, Astron Paper & Board Mill Limited, Shree Ram Proteins Limited and Gujarat Hy – Spin Limited, Focus Suites Solutions & Services Limited, A and M Jumbo Bags Limited, Sintercom India Limited, Mohini Health & Hygiene Limited, South West Pinnacle Exploration Limited and Macpower CNC Machines Limited were listed on April 05, 2017, April 12, 2017, April 25, 2017, May 10, 2017 July 11, 2017, July 12, 2017, July 18, 2017, July 28, 2017, August 22, 2017, August 23, 2017, September 27, 2017, October 04, 2017, October 05, 2017, October 05, 2017, October 05, 2017, October 06, 2017, October 10, 2017, October 11, 2017, October 12, 2017, October 12, 2017, December 26, 2017, December 29, 2017, February 05, 2018, February 08, 2018, February 09, 2018, February 12, 2018, February 15, 2018, February 16, 2018, February 19, 2018 and March 22, 2018 respectively.

\*\*The scripts of Benara Bearings and Pistons Limited, Soni Soya Products Limited, Vera Synthetic Limited, S.S. Infrastructure Development Consultants Limited, Mahickra Chemicals Limited, Akshar Spintex Limited, Softtech Engineers Limited, Innovators Façade Systems Limited, Shree Vasu Logistics Limited, Affordable Robotic & Automation Limited, Latteys Industries Limited, Nakoda Group of Industries Limited, ShreeOswal Seeds and Chemicals Limited, Priti International Limited, Accuracy Shipping Limited, Ganga Forging Limited, Ushanti Colour Chem Limited, Manorama Industries Limited, Innovative Ideals and Services (India) Limited, Vinny Overseas Limited, Shubhlaxmi Jewel Art Limited, Deccan Health Care Limited, Surani Steel Tubes Limited, Ritco Logistics Limited and Artedz Fabs Limited were listed on April 3, 2018, April 12, 2018, April 12, 2018, April 12, 2018, April 26, 2018, May 11, 2018, May 11, 2018, May 24, 2018, June 4, 2018, June 4, 2018, June 5, 2018, June 6, 2018, June 20, 2018, June 21, 2018, June 22, 2018, July 11, 2018, August 02, 2018, October 04, 2018, October 05, 2018, October 11, 2018, December 04, 2018, December 31, 2018, February 06, 2019 February 07, 2019 and March 29, 2019 respectively.

\$ The scripts of Shubhlaxmi Jewel Art Limited, Deccan Health Care Limited, Surani Steel Tubes Limited, Ritco Logistics Limited and Artedz Fabs Limited have not completed 180 Days, 180 Days, 180 Days 180 Days and 30 Days respectively from the date of listing.

# As on 30<sup>th</sup> trading day the closing price of the script Ganga Forging Limited was at par with the issue price. Hence it is not considered for counting the numbers of IPOs trading at discount and premium.

**Note:** Ambition Mica Limited is a Further Public Offering lead managed by Pantomath Capital Advisors Private Limited in the Financial Year 2017-18 and the same has not been included in the above mentioned Summary Statement of Disclosure as the disclosure is limited to IPOs only.