



**ACTIVE CLOTHING CO LIMITED**  
(Formerly known as Active Clothing Co Private Limited)  
Corporate Identity number U51311PB2002PLC033422

Our Company was incorporated as "Active Clothing Co Private Limited" under the provisions of the Companies Act, 1956 on 27th February, 2002 bearing "Corporate Identity Number U51311CH2002PTC24970, issued by Registrar of Companies, Punjab & Chandigarh. Our Company was converted from a Private Limited Company to a Public Limited Company vide fresh Certificate of Incorporation consequent upon conversion to Public Limited Company dated December 29, 2017 issued by Registrar of Companies, Punjab & Chandigarh with the Corporate Identity number U51311PB2002PLC033422. For details regarding our incorporation and history, please refer to the chapter titled "History and Certain other Corporate Matters" beginning on page 128 of this Prospectus.

**Registered Office:** Plot no. E-225, Phase VIII B, Industrial Area, Focal Point, Mohali, Punjab, India, 160055.

**Tel.:** +91-172-4313300; **Fax:** +91-172-4313333; **E-mail:** rmehra@activesourcing.org;

**Website:** www.activesourcing.org; **Corporate Identity Number:** U51311PB2002PLC033422;

**Contact Person:** Ms. Avneet Kaur Bedi, Company Secretary and Compliance Officer, **Tel.:** +91-172-4313300; **E-mail:** csco@activesourcing.org

**PROMOTERS OF THE COMPANY:** MR. RAJESH MEHRA, RAJESH MEHRA (HUF) AND MRS. RENU MEHRA

### THE ISSUE

INITIAL PUBLIC OFFERING OF 40,86,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH OF ACTIVE CLOTHING CO LIMITED ("ACCL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 65 PER EQUITY SHARE INCLUDING SHARE PREMIUM OF ₹ 55 PER EQUITY SHARE (THE "ISSUE PRICE") AGGREGATING TO ₹ 2655.90 LACS ("THE ISSUE"), OF WHICH 2,06,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH WILL FOR CASH AT A PRICE OF ₹ 65 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 55 PER EQUITY SHARE AGGREGATING TO ₹ 133.90 LACS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. NET ISSUE OF 38,80,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AT A PRICE OF ₹ 65 PER EQUITY SHARE AGGREGATING TO ₹ 2522.00 LACS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.34% AND 25.01 %, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

### THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH AND THE ISSUE PRICE OF ₹ 65 IS 6.5 TIME OF THE FACE VALUE

#### THE ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 (AS AMENDED FROM TIME TO TIME)

For further details please refer "Issue Information" beginning on page 224 of this Prospectus.

All investors (except Anchor Investors) shall mandatorily participate in this issue only through Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs"). For details in this regard; specific attention is invited to "Issue Procedure" beginning on page 233 of this Prospectus. In case of delay, if any refund, our Company shall pay interest on the application money @ 15% p.a. for the period of delay.

### RISK IN RELATION TO THE ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10 and the Issue Price is 6.5 time of the face value. The Issue Price (as determined and justified by our Company, in consultation with the Lead Manager) as stated in chapter titled "Basis for Issue Price" beginning on page 70 of this Prospectus should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company 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 investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. **Specific attention of the investors is invited to the section "Risk Factors" beginning on page 14 of this Prospectus.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, 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 SME Platform of BSE Limited ("BSE"). In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, our Company has received in-principal approval letter dated February 19, 2018 from BSE for using its name in this offer document for listing our shares on the SME Platform of BSE. For the purpose of this Issue, BSE Limited will be the Designated Stock Exchange.

#### LEAD MANAGER



**Ajcon Global Services Limited**  
Address: 101, Samarth Industrial Estate,  
Off. Hinduja Hospital, 151 Lt. P.N. Kotnis Road,  
Mahim (West), Mumbai – 400016, India  
Tel. No. : +9122-67160400  
Fax No. : +91 22-28722062  
Email: [mbd@ajcon.net](mailto:mbd@ajcon.net)  
Investor Grievance Email: [investorgrievance@ajcon.net](mailto:investorgrievance@ajcon.net)  
Website: [www.ajcononline.com](http://www.ajcononline.com)  
SEBI Registration No.: INM000011864  
Contact Person: Mrs. Pallavi Ajmera

#### REGISTRAR TO THE ISSUE



**Bigshare Services Pvt. Ltd.**  
Address: 1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis Apartments (Next to Keys Hotel),  
Marol Maroshi Road, Andheri (East),  
Mumbai – 400059.  
Tel: +9122 6263 8200  
Fax: +91 22 6263 8299  
Email: [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
Website: <http://www.bigshareonline.com>  
SEBI Registration No.: INR000001385  
Contact Person: Mr. Ashok Shetty

### ISSUE SCHEDULE

**ISSUE OPENS ON: MARCH 12, 2018**

**ISSUE CLOSES ON: MARCH 14, 2018**

## INDEX

PARTICULARS	PAGE
<b>SECTION I: GENERAL</b>	
DEFINITIONS AND ABBREVIATIONS	2
PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA	11
FORWARD LOOKING STATEMENTS	13
<b>SECTION II: RISK FACTORS</b>	
RISK FACTORS	14
<b>SECTION III: INTRODUCTION</b>	
SUMMARY OF INDUSTRY	27
SUMMARY OF OUR BUSINESS	36
SUMMARY OF FINANCIAL INFORMATION	39
THE ISSUE	43
GENERAL INFORMATION	44
CAPITAL STRUCTURE	50
<b>SECTION IV: PARTICULARS OF THE ISSUE</b>	
OBJECTS OF THE ISSUE	64
BASIC TERMS OF THE ISSUE	69
BASIS FOR ISSUE PRICE	70
STATEMENT OF POSSIBLE TAX BENEFITS	74
<b>SECTION V: ABOUT THE INDUSTRY AND THE COMPANY</b>	
INDUSTRY OVERVIEW	84
OUR BUSINESS	99
KEY INDUSTRY REGULATIONS AND POLICIES	117
HISTORY AND CERTAIN OTHER CORPORATE MATTERS	128
OUR MANAGEMENT	131
OUR PROMOTERS AND PROMOTER GROUP	142
OUR GROUP ENTITIES	147
RELATED PARTY TRANSACTIONS	150
DIVIDEND POLICY	150
<b>SECTION VI: FINANCIAL INFORMATION</b>	
RESTATED FINANCIAL STATEMENTS	151
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS	191
FINANCIAL INDEBTEDNESS	202
<b>SECTION VII: LEGAL AND OTHER INFORMATION</b>	
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	204
GOVERNMENT AND OTHER STATUTORY APPROVALS	208
OTHER REGULATORY AND STATUTORY DISCLOSURES	212
<b>SECTION VIII: ISSUE INFORMATION</b>	
TERMS OF THE ISSUE	224
ISSUE STRUCTURE	230
ISSUE PROCEDURE	233
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES	279
<b>SECTION IX: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION</b>	
MAIN PROVISIONS OF ARTICLES OF ASSOCIATION	280
<b>SECTION X: OTHER INFORMATION</b>	
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	316
DECLARATION	318

## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy, as amended, supplemented or re-enacted from time to time.*

*The words and expressions used in this Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made there under.*

*Notwithstanding the foregoing, terms used in of the sections “Statement of Possible Tax Benefits”, “Financial Information” and “Main Provisions of Articles of Association” on pages 74, 151 and 280 respectively, shall have the meaning ascribed to such terms in such sections.*

*Unless the context otherwise indicates, all references to “Active Clothing Co Ltd.”, “ACCL;”, “Active Clothing”, “We” or “us” or “our Company” or “the Issuer” or “the Company”, are to Active Clothing Co Ltd. (Formerly known as Active Clothing Co Private Limited), a Company incorporated under the Companies Act, 1956.*

#### Company Related Terms

Term	Description
Articles or Articles of Association or AOA	The Articles of Association of our Company, as amended from time to time
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Regulation 18 of the SEBI (LODR) Regulations and Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014
Auditor or Statutory Auditor	The auditor of our Company, being M/s. Kapoor Rajesh & Associates, Chartered Accountants, Firm Registration No. 015350N.
Bankers to our Company	Indian Overseas Bank Ltd. and HDFC Bank Ltd.
“Board” or “Board of Directors” or “our Board”	The Board of Directors of our Company, or a duly constituted committee(s) thereof
Chief Financial Officer	The Chief Financial Officer of our Company being Mr. Amit Jaswal
Company secretary and Compliance Officer	The Company Secretary and Compliance officer of our Company being Ms. Avneet Kaur Bedi.
Equity Shares	Equity Shares of our Company of face value of ₹10 each fully paid up
Equity Shareholders	Persons holding equity shares of our Company
Group Companies/ Entities	Such companies/entities as covered under the applicable accounting standards and such other companies as considered material by the Board. For details of our Group Companies/entities, please refer “Our Group Entities” on page 147 of this Prospectus
Independent Director	A Non-executive, Independent Director as per Companies Act, 2013 and the Listing Regulations
Key Management Personnel/ KMP	Key Management Personnel of our Company in terms of the SEBI Regulations and the Companies Act, 2013. For details, see section entitled “Our Management” on page 131 of this Prospectus
Materiality Policy	The Policy on identification of group Companies, material creditors and material litigation, adopted by our Board on December 16, 2017 in accordance with the requirements of the SEBI (ICDR) Regulations
Memorandum of Association or Memorandum or MOA	The Memorandum of Association of our Company, as amended from time to time

Term	Description
Nomination and Remuneration Committee	The committee of the Board of Directors constituted as our Company's nomination and remuneration committee in accordance with SEBI Listing Regulations and the Companies Act, 2013
Peer Review Auditor	The Peer Review Auditor of our Company, being M/s. Jiwan Goyal & Co., Chartered Accountants, Firm Registration No. 012874N.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, 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.
"Promoters" or "our Promoters"	Promoters of our Company being Rajesh Mehra, Renu Mehra and Rajesh Mehra (HUF).
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(zb) of the SEBI (ICDR) Regulations and a list of which is provided in the chapter titled " <a href="#">Our Promoters and Promoter Group</a> " beginning on 142 of this Prospectus
Registered Office	The Registered Office of our Company is situated at Plot No: E- 225, Industrial Focal Point, Phase – 8B, Mohali, Punjab (India)- 160055.
Restated Financial Information	The restated audited financial statements of our Company, which comprises of the restated audited balance sheet, the restated audited profit and loss information and restated audited cash flow information, as at and for period ended December 31, 2017 and the years ended March 31, 2017, 2016, 2015, 2014 & 2013 together with the annexure and notes thereto as disclosed in chapter titled "Financial Information" beginning on page 151 of this Prospectus
RoC/ Registrar of Companies, Punjab & Chandigarh	The Registrar of Companies, Punjab & Chandigarh
Shareholders	Shareholders of our Company
Stakeholders Relationship Committee	The committee of the Board of Directors constituted as our Company's stakeholders' relationship committee in accordance with SEBI Listing Regulations and the Companies Act, 2013

#### Issue Related Terms

Term	Description
Allocation/ Allocation of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Fresh Issue of Equity Shares to the successful Applicants
Allotment/ Allot/ Allotted	Issue and allotment of Equity Shares of our Company pursuant to Fresh Issue of the Equity Shares to the successful Applicants
Allottee(s)	Successful Applicant(s) to whom Equity Shares of our Company have been allotted
Applicant	Any prospective investor who makes an application for Equity Shares of our Company in terms of this Prospectus
Application Amount	The amount at which the Applicant makes an application for Equity Shares of our Company in terms of this Prospectus
Application Form	The Form in terms of which the prospective investors shall apply for our Equity Shares in the Issue
ASBA/ Application Supported by Blocked Amount	Applications Supported by Blocked Amount (ASBA) means an application for Subscribing to the Issue containing an authorization to block the application money in a bank account maintained with SCSB
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the Application Amount
ASBA Investor/ASBA applicant	Any prospective investor(s)/applicant(s) in this Issue who apply/applies through the ASBA process
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened

Term	Description
	and in this case being HDFC Bank Ltd.
Basis of Allotment	The basis on which Equity Shares will be Allotted to the successful Applicants under the Issue and which is described under chapter titled “Issue Procedure” beginning on page 233 of this Prospectus
Controlling Branch	Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Demographic Details	The demographic details of the Applicants such as their address, PAN, occupation and bank account details
Depositories	Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL
Designated Intermediaries / Collecting Agent/ Application Collecting Intermediaries	SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms from the ASBA Applicants and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Designated Date	The date on which the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s) in terms of the Prospectus, following which the Equity Shares shall be allotted to the successful Applicants
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange
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 websites of the Stock Exchange
Designated Stock Exchange	SME Platform of BSE Limited
Prospectus	This Prospectus dated January 24, 2018 issued in accordance with section 32 of the Companies Act, 2013 and filed with the BSE under SEBI (ICDR) Regulations
Eligible NRIs	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom this Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Fixed Price Issue/ Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI (ICDR) Regulations, in terms of which this Issue is being made
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 notified by the SEBI and included in “Issue Procedure” on page 233 of this Prospectus.
First/ Sole Applicant	The Applicant whose name appears first in the Application Form or Revision Form
Issue/ Issue Size/ Initial Public Offer/ Initial	Public Issue of 40,86,000 Equity Shares of face value of Rs. 10 each at a price of Rs. 65 per equity share including share premium of Rs. 55 per

Term	Description
Public Offering/ IPO	equity share aggregating to Rs.2655.90 lakhs by Active Clothing Co Limited
Issue Agreement	The agreement dated January 23, 2018 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing date	The date on which Issue closes for subscription being March 14, 2018
Issue Opening date	The date on which Issue opens for subscription being March 12, 2018
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both the days during which prospective Investors may submit their application
Issue Price	The price at which the Equity Shares are being issued by our Company under this Prospectus being ₹65
Issue Proceeds	Proceeds from the fresh Issue that will be available to our Company, being ₹2655.90 lakhs
Listing Agreement	The Equity Listing Agreement to be signed between our Company and the SME Platform of BSE Limited
Lead Manager/ LM	Lead Manager to the Issue in this case being Ajcon Global Services Ltd., SEBI registered Category I Merchant Banker
Market Making Agreement	Market Making Agreement dated February 15, 2018 between our Company, Lead Manager and Market Maker, Ajcon Global Services Ltd.
Market Maker	Market Maker appointed by our Company from time to time, in this case being Ajcon Global Services Ltd. who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time
Market Maker Reservation Portion	The Reserved Portion of 2,06,000 Equity Shares of face value of ₹10 each for cash at ₹65 each aggregating ₹133.90 lakhs for the Market Maker in this Issue
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
Net Issue	The Issue excluding the Market Maker Reservation Portion of 38.80 lacs Equity Shares of face value of ₹10 each for cash at ₹65 each aggregating ₹2522.00 Lakhs by our Company
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by our Company. For further information about use of the Issue Proceeds and the Issue expenses, please refer to the chapter titled “Objects of the Issue” beginning on page 64 of this Prospectus
Non Institutional Investors	All Applicants that are not Qualified Institutional Buyers or Retail Individual Investors and who have Applied for Equity Shares for an amount more than Rs.2,00,000
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue
Payment through electronic transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Prospectus	The Prospectus to be filed with the RoC containing, <i>inter-alia</i> , the issue size, the issue opening and closing dates and other information



Term	Description
Public Issue Account	Account opened with the Banker to the Issue i.e. HDFC Bank Ltd. under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date
Qualified Institutional Buyers or QIBs	QIBs, as defined under the SEBI (ICDR) Regulations, including public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FPI other than Category III FPI registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹2,500 Lakh, pension fund with minimum corpus of ₹2,500 Lakh, NIF, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being M/s Bigshare Services Pvt. Ltd. Address: 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments (Next to Keys Hotel), Marol Maroshi Road, Andheri (East), Mumbai – 400059.
Retail Individual Investor	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 ₹2,00,000
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s)
SCSB/ Self Certified Syndicate Banker	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which offer the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a> or at such other website as may be prescribed by SEBI from time to time
SME Platform of BSE	The SME Platform of BSE for listing of Equity Shares offered under Chapter XB of the SEBI (ICDR) Regulations 2009 (as amended from time to time) which was approved by SEBI as an SME Exchange.
Underwriter	M/s. Ajcon Global Services Limited
Underwriting Agreement	The agreement dated February 15, 2018 entered into between the Underwriter and our Company
Working Day	“Working Day” shall be all trading days of Stock Exchange, excluding Sunday and bank holidays as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

#### Technical Industry Related Terms

Term	Description
CSO	Central Statistical Organisation
NTP 2000	National Textile Policy, 2000 issued by the Ministry of Textiles, GoI
EPCG	Export Promotion Capital Goods Scheme
EO	Export Obligation
F&O	Futures and Options
FDI	Foreign Direct Investment
FMC	Forward Market Commission
FOB	Free on Board
GDP	Gross Domestic Product
GOI	Government of India
ISO	International Standards Organization
KW	Kilo Watt
NIFTY	National Stock Exchange Sensitive Index
RONW	Return on Net Worth
SENSEX	Bombay Stock Exchange Sensitive Index

Term	Description
SSI	Small Scale Industry
SITP	Scheme for integrated textile parks
TPH	Tones per hour
TUFS	Technology Upgradation Fund Scheme
VCF	Venture Capital Funds
PSIEC	Punjab Small Industries & Export Corporation Limited

### Conventional and General Terms

Term	Description
A.Y.	Assessment Year
A/C	Account
Environment Protection Act	Environment Protection Act, 1986
EPF Act	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
BIFR	Board for Industrial and Financial Reconstruction
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CIN	Corporate Identity Number
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.
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections
CSO	Central Statistical Organization
DB	Designated Branch
Depositories	NSDL and CDSL; Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion
DP	Depository Participant
DPG	Deferred Payment Guarantee
DP ID	Depository Participant's Identity
EBIDTA	Earnings before Interest, Depreciation, Tax, Amortization and extraordinary items
ECS	Electronic Clearing Services
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ESIC	Employee State Insurance Corporation
F&O	Future & Options
F.Y./FY	Financial Year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under
FEMA Regulations	FEMA (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign Institutional Investors
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, Government of India



Term	Description
FIs	Financial Institutions
FMC	Forward Market Commission
FPI(s)	Foreign Portfolio Investor
FV	Face Value
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry number
GoI/ Government	Government of India
GST	Goods and Service Tax
HNI	High Networth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
ICSI	Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
INR	Indian National Rupee
IPC	Indian Penal Code
IPO	Initial Public Offering
IPR	Intellectual Property Right
IT Act	The Income Tax Act, 1961 as amended from time to time except as stated otherwise
IT Rules	The Income Tax Rules, 1962, as amended from time to time
Key Managerial Personnel / KMP	The officers declared as a Key Managerial Personnel and as mentioned in the chapter titled “Our Management” beginning on page 131 of this Prospectus
Ltd.	Limited
MAT	Minimum Alternate Tax
MoU	Memorandum of Understanding
Mtr	Meter
N/A or N.A.	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
NOC	No Objection Certificate
NPV	Net Present Value
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
BSE	BSE Limited
p.a.	per annum
P/E Ratio	Price Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax

Term	Description
B. A.	Bachelor of Arts
B.Com	Bachelor of Commerce
PE	Private Equity
PIO	Persons of Indian Origin
POA	Power of Attorney
Pvt.	Private
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoNW	Return on Net Worth
Rs. / INR / ₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI (PFUTP) Regulations / PFUTP Regulations	SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003
SEBI (SAST) Regulations/ SEBI Takeover Regulations /Takeover Regulations / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time
SEBI Listing Regulations	The Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 notified on September 21, 2015 which came into force in December 2015
Sec.	Section
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
SME	Small and Medium Enterprise
Sq.	Square
Sq. mtr	Square Meter
SSI Undertaking	Small Scale Industrial Undertaking
Stock Exchange	SME Platform of BSE Limited
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TNW	Total Net Worth
TRS	Transaction Registration Slip
U.S. GAAP	Generally accepted accounting principles in the United States of America
u/s	Under Section
UIN	Unique Identification Number
UOI	Union of India
US/ U.S. / USA	United States of America
USD or US\$	United States Dollar
Venture Capital Fund(s)/ VCF(s)	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time
w.e.f.	With effect from
WDV	Written Down Value
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(zn) of SEBI Regulations
Minimum Wages Act	Minimum Wages Act, 1948
MoEF	Ministry of Environment and Forests
YoY	Year over year

The words and expressions used but not defined in this Prospectus will have the same meaning as assigned to such terms under the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the following: -

- (i) In the section titled '*Main Provisions of the Articles of Association*' beginning on page 280 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- (ii) In the section titled '*Financial Information*' beginning on page 151 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- (iii) In the section titled '*Risk Factors*' beginning on page 14 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 74 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 Condition and Results of Operations*" beginning on page 191 of this Prospectus, defined terms shall have the meaning given to such terms in that section.

## 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 derived from our restated financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations, as stated in the report of our Statutory Auditors, set out in the section titled ‘*Financial Information*’ beginning on page 151 of this Prospectus.

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 months 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.

In accordance with India’s roadmap for “Convergence of its existing standards with IFRS”, referred to as “**IND (AS)**”, as announced by the GoI, Ministry of Corporate Affairs (the “**MCA**”) through press note dated January 22, 2010, read with the Companies (Indian Accounting Standards) Rules, 2015 issued by the MCA on February 16, 2015, effective April 1, 2015, our annual and interim financial statements must be reported under IND (AS) for accounting periods commencing on or after April 1, 2016. Therefore, our annual and interim financial statements reported after April 1, 2016 will not be directly comparable to the Restated Financial Statements.

Pursuant to a SEBI circular dated March 31, 2016, with respect to financial information to be included in any offer document filed with SEBI on or after April 1, 2016 and until March 31, 2017, we have chosen to report our Restated Financial Statements, for the preceding five years, included in this Prospectus under Indian GAAP. Further, for risk in relation to IND (AS), see “Risk Factors” and “Restated Financial Statements for the preceding five years, on standalone, included in this Prospectus, has been prepared under IGAAP, which varies in certain respects from other accounting principles, including IND (AS), which may be material to investors’ assessment of our results of operations and financial condition.” on page 14 and 151 respectively. In order to comply with requirements applicable to public companies in India, subsequent to our Equity Shares being listed on the Stock Exchanges, we will be required to prepare our annual and interim financial statements under IND (AS), as applicable. IND (AS) is different in many respects from Indian GAAP under which our audited financial statements for statutory reporting purposes under the Companies Act have been prepared until Fiscal 2016. The preparation and presentation of our financial statements after listing may be not be comparable with, or may be substantially different from, the preparation and presentation of the Restated Financial Statement is being disclosed in this Prospectus.

There are significant differences between Indian GAAP and IND (AS). Accordingly, the degree to which the Restated Financial Statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, IND (AS), the Companies Act and the SEBI ICDR Regulations, on the Restated Financial Statements presented in this Prospectus should accordingly be limited. Although we have included a summary of qualitative and quantitative differences between Indian GAAP and IND (AS), our financial statements reported under IND (AS) in future accounting periods may not be directly comparable with our financial statements historically prepared in accordance with Indian GAAP, including disclosed in this Prospectus. You should consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and elsewhere in this 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 Statutory Auditor, set out in the section titled ‘*Financial Information*’ beginning on page 151 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 and Market Data**

Unless otherwise stated, Industry & Market data used throughout this Prospectus have been obtained from Industry publications like India Brand Equity Foundation (IBEF), International Monetary Fund (IMF) monthly publications and the report - The Indian Fashion Market – 2016 & beyond. Industry publications generally state that the information contained in those publications have 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 STATEMENTS

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, among others:

- 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;
- 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;
- 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 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 Condition and Results of Operations*” beginning on pages 14 and 19 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: RISK FACTORS

### 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 offer including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. 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 99 “[Industry Overview](#)” beginning on page 84 and “[Management’s Discussion and Analysis of Financial Condition and Results of Operations](#)” beginning on page 191 respectively, of this Prospectus as well as other financial information contained herein.

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

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

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of our Company used in this section is derived from our financial statements prepared in accordance with Indian GAAP, as restated. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled “Definitions and Abbreviations” beginning on page 2 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.

### INTERNAL RISK FACTORS

#### Risks in relation to our Company

1. *There are certain outstanding legal proceedings involving our Company. Any failure to defend these proceedings successfully may have an adverse effect on our business prospects, financial condition, result of ongoing operations and reputation.*

Our Company is involved in legal proceedings, which if determined, against us could have adverse impact on the business and financial results of our Company. For details kindly refer chapter titled “Outstanding Litigation and Material Developments” at page 204 of this Prospectus. A brief detail of such outstanding litigations as on the date of this Prospectus are as follows:

Matters involving Our Company:

Nature of the Cases	No. of Outstanding Cases	Amount involved *
Suit for Recovery	1	₹70,130/- with interest amounting to ₹9,820/-
Compensation Suit	4	₹4,60,00,000 along with interest to be calculated at 12%.

*\*Amount mention to the extent quantifiable. The amounts may be subject to additional interest/other charges*

For the Compensation suits against the Company, under the law of compensation, the Company is insured by M/s. New India Insurance Company and does not expect any financial liability to devolve upon the Company. The same has been certified by the counsel to the Company, Mr. Pradeep Bedi.

Matters involving Our Group Company – Nil

Matter involving our Promoters - Nil

**2. *We require renewal of a number of approvals, licenses, registration and permits for our business and failure to obtain or renew them in a timely manner may adversely affect our operations.***

Though we have all the approvals, licenses, registration and permits for our business as on date, we may require renewal of the same time to time during the course of our business. There can be no assurance that the relevant authorities will renew any of such permits or approvals in the timeframe anticipated by us or at all. Any failure by us to apply in time, to renew, maintain or obtain the required permits, licenses or approvals, or the cancellation, suspension, delay in issuance or revocation of any of the permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on the business. For further details, please see chapter titled “Government and Other Approvals” on pages 208 respectively of this Prospectus.

**3. *Our Company has reported certain negative cash flows from its operating, investing and financing activities, details of which are given below. Any such recurrence in future, could impact our growth and business plans in the future.***

Our Company has reported certain negative cash flows from its operating, investing and financing activities in the previous years as per the restated financial statements as follows:-

(Rs. In lakhs)

Particulars	For the period ended December 31, 2017	For the year ended March 31				
		2017	2016	2015	2014	2013
Cash flow from Operating Activities	579.72	385.76	695.20	805.05	(485.52)	478.18
Cash flow from Investing Activities	(987.20)	(235.01)	(1272.08)	(1758.75)	(713.21)	(512.98)
Cash flow from Financing Activities	480.39	(219.41)	665.86	922.55	1090.86	112.49

For details, please refer ‘Management’s Discussion and Analysis of Financial Conditions and Results of Operations of our Company’ on page no. 191 of this Prospectus.

**4. *Substantial portion of our revenues has been dependent upon our few clients. The loss of any one or more of our major clients would have a material adverse effect on our business operations and profitability.***

For the financial year ended March 31, 2017, our top ten largest clients accounted for approximately 46.18% of our revenues from operations while for the financial years ended March 31, 2016, our ten largest clients accounted for approximately 34.73% respectively of our revenues from operations. The loss of a significant client or clients would have a material adverse effect on our financial results. We cannot assure you that we can maintain the historical levels of business from these clients or that we will be able to replace these clients in case we lose any of them. Furthermore, major events affecting our clients, such as bankruptcy, change of management, mergers and acquisitions could adversely impact our business.

5. ***Our business is dependent on our manufacturing facilities which are located in Badali Ala Singh (Dist.Fatehgarh Sahib), Punjab India. Any loss or shutdown of operations at any of our manufacturing facilities may have an adverse effect on our business and results of operations.***

We have manufacturing facilities located at Badali Ala Singh (Dist.Fatehgarh Sahib), Punjab, India. As a result, the concentration of our entire manufacturing facilities in one particular region exposes us to the risk of any adverse conditions in this region, such as natural calamities, civil disturbances or any adverse political, social or economic conditions, the occurrence of which could have a material adverse effect on our business, financial condition and results of operations. We have not experienced any of these operating risks in the past. Although, we have contingency plans to meet most of our operating risks we cannot assure you about the adequacy of such plans.

6. ***Our operations currently benefit from the Technology Upgradation Fund Scheme ("TUFs"). In the event we are unable to continue to benefit from TUFs, our financial condition and results of operations may be adversely affected.***

The Ministry of Textiles, GoI, launched the TUFs for the textile, jute and cotton ginning and pressing industries for a five year period from April 1, 1999 to March 31, 2004, which was later extended for the duration of the twelfth five year plan (financial year 2012 to 2017) and thereafter again for 5 years from (financial year 2017 to 2022). TUFs aims at providing capital for modernization of Indian textile industry, by leveraging investments in technology upgradation in the textiles and jute industry. The TUFs provides for interest reimbursement of 5% on the interest charged by a lending agency for financing of a project of technology upgradation in conformity with the TUFs. However, for spinning machinery the coverage provided is 4% for new standalone/replacement/modernization of spinning machinery; and 5% for spinning units with matching capacity in weaving/ knitting/processing/garmenting. TUFs also provides for 6% interest reimbursement and 10-15% capital subsidy for specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles. As on December 31, 2017, the interest reimbursement receivable is ₹372.64 lakhs and capital subsidy receivable is ₹145.91 lakhs, totaling to amount receivable of ₹518.55 lakhs. Our profitability may be affected in the future if any of the above mentioned benefits are reduced or withdrawn or if we are subject to any disagreements from nodal agencies appointed under TUFs, with respect to our eligibility under TUFs. There is no assurance that the TUFs will be extended beyond the current period of availability or whether we will continue to enjoy such benefits in the future. In the event we are unable to continue to benefit from TUFs, our results of operations may be adversely affected. For further information relating to the TUFs, see "Industry Specific Regulations" on page 117. As per our Accounting policy, the interest subsidy and benefits under TUFs are accounted for as and when received from the government and not on accrual basis. The auditors have verified the amount receivable upto December 31, 2017 under TUF scheme and the accounting policy for the same.

7. ***The success of our business operations depends largely upon our Promoter Directors and Key Managerial Personnel, the loss of any of them may negatively impact our business operations and financial conditions.***

Our success is highly dependent on the expertise and services of our Promoter Directors, Mr. Rajesh Mehra, Mrs. Renu Mehra, and other key managerial personnel. Our ability to successfully function and meet future business challenges partly depends on our ability to attract and retain these key managerial personnel. We cannot assure you that we will be able to retain any or all of the key members of our management. The loss of the services of any key member of our management team could have an adverse effect on our ability to implement new projects and expand our business. For further details of our Promoter Directors and key managerial personnel, please refer to the chapter titled "[Our Management](#)" beginning on 131 of this Prospectus.

8. ***We rely on third party suppliers to provide our raw materials and to some extent manufacture a part of our products, and we have limited control over them and may not be able to obtain quality products on a timely basis or in sufficient quantity which may have a material adverse effect on our results of operations.***

We outsource some of our manufacturing processes to third party manufacturers. Further, we also source all of our raw materials from third-party suppliers. If we experience significant increased demand, or need to replace an existing manufacturer, there can be no assurance that additional supplies of raw materials or additional manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer would allocate sufficient capacity to us in order to meet our requirements or fill our orders in a timely manner. Even if we are able to expand existing or find new manufacturing or raw material sources, we may encounter delays in production and added costs as a result of the time it takes to train our suppliers and manufacturers in our methods, products and quality control standards. Delays related to supplier

changes could also arise due to an increase in shipping times if new suppliers are located farther away from our markets or from other participants in our supply chain. Any delays, interruption or increased costs in the supply of raw materials or manufacture of our products could have an adverse effect on our ability to meet customer demand for our products and result in lower revenue from operations both in the short and long term. In addition, there can be no assurance that our suppliers and manufacturers will continue to provide yarn, fabrics and other raw materials or manufacture products that are consistent with our standards.

- 9. *We do not generally enter into agreements with our suppliers of raw materials and accordingly may face disruptions in supply from our current suppliers.***

We generally do not enter into agreements with our suppliers for purchase of raw material, and typically transact business on an order-by-order basis. 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 materials of comparable quality at an acceptable price, or at all. Identifying a suitable supplier is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other ethical practices.

- 10. *If we are unable to build, develop and enhance our in-house brand 'Aagain', we will continue to have complete dependence on seeking business from others.***

We believe that building, developing and enhancing our in house brand 'Aagain', is critical to expand and diversify our business risk. Developing and enhancing our brand may require us to make substantial investments in areas such as research and development, outlet operations, marketing and employee training, and these investments may not be successful. In particular, as we expand into new geographic markets, consumers in these markets may not accept our brand. We anticipate that, as our business expands into new markets and as the market becomes increasingly competitive, establishing and enhancing our brand may become increasingly difficult and expensive. Our brand may also be adversely affected if our public image or reputation is tarnished by negative publicity.

Maintaining and enhancing our brands will depend largely on our ability to anticipate, gauge and respond in a timely manner to changing fashion trends and consumer demands and preferences, and to continue to provide high quality products and services, which we may not do successfully. If we are unable to maintain or enhance our brand image, our results of operations may suffer and affect our profitability margins going forth.

- 11. *Our Company has not complied with some provisions of the Companies Act. Such non-compliance may attract penalties against our Company.***

Our Company have not complied with certain provisions under the Companies Act in the past, for instance Company has not created a charge under Section 77 of the Companies Act, 2013 on its vehicles which were bought by way of borrowings which was secured by collateral Security of the said vehicles as the lender did not require the same. Although no show cause notice has been issued against the Company till date in respect of above, in case of any cognizance being taken, we may be subjected to penalty in respect of the same.

- 12. *The Company under Export Promotion Capital Goods (EPCG) scheme has imported machinery for manufacturing at zero duty and is subject to an export obligation saved on the machines imported under EPCG scheme, to be fulfilled in 6 years from the respective date of import.***

The Company has availed the benefit of duty free import of machinery for manufacturing under EPCG Scheme of GoI. As per the list compiled by the Company, there is an export obligation for the Company during next few years. The Company has completed its export obligation pending till date of which ₹121.28 lakhs is completed and discharge certificate has been received. For the export obligation of ₹396.42 lakhs the discharge certificate is awaited. The export obligation to be completed as on date was ₹1943.67 lakhs of which only USD 6.99 lakhs (approx. ₹447.36 lakhs if converted into ₹64 per USD) is only pending to be fulfilled in the coming years. In case the Company, fails to fulfill the said obligation, the exemption on duty availed may be reversed and evolve upon the Company as a liability to pay, thus affecting the financials in the year/s it devolves.

**13. *We are subject to stringent labor laws or other industry standards and any strike, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations***

Our manufacturing activities are labor-intensive. As on date, we have about 1000 employees. We are subject to a number of stringent labor laws that protect the interests of workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers that imposes financial obligations on employers. Strikes, lock-outs and other labor action may have an adverse impact on our operations, and we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Though we have not experienced any such incidents in the past. Also, our third-party suppliers may experience strikes or other labor disruptions and shortages that could affect our operations, possibly for a significant period of time, result in increased wages, shortage in manpower and other costs and otherwise have a material adverse effect on our business, results of operations or financial condition. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability.

**14. *We may not be able to adapt to changing market trends and customer requirements in the market in a timely manner, or at all.***

The market for garments in the country is highly competitive with several players present in various segments in brick and mortar stores and through third party e-commerce platforms. If we are unable to anticipate consumer preferences or industry changes, or if we are unable to modify our products and their prices on a timely basis, we may lose customers to our competitors (located in brick and mortar stores and on third party e-commerce platforms), or may be forced to reduce our sales realization on products by having to offer them at a discount, thereby reducing our margins. For instance, manufacturing for a season begins well in advance of the season and we may not be able to incorporate the prevalent trends, or accommodate any sudden emergence of a new trend that may be germane to that season in the collection being released. If our competitors are able to cater to these markets, or if we are not able to anticipate the demand, or misjudge the quantity, inter alia, this could lead to lower sales, higher inventories and higher discounts, each of which could have a material adverse effect on our brand, reputation, results of operations and financial condition.

**15. *Our Company has borrowed certain unsecured loans that may be payable on demand.***

Our Company has borrowed certain unsecured loans from related parties that may be payable on demand affecting the cash flow of the Company adversely.

**16. *Conflicts of interest may arise out of common business objects shared by our Company and our Promoter Company.***

Our Promoter Company 'Again Lifestyle Pvt. Ltd.' is engaged to carry out common business objects with our Company though restricted to only trading through two of its stores. While, the brand "AAGAIN" is registered under the name of Company with Trade Mark Registry under Trade Marks Act, 1999, a conflict of interest to some extent may not be ruled out. There can be no assurance that our Promoter Company will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

**17. *The fund requirement and deployment mentioned in the Objects of this Issue have not been appraised by any bank or financial institution.***

We intend to use entire Issue proceeds for working capital, general corporate purposes and issue expenses. We intend to deploy the Net Issue Proceeds in Financial Years 2017-2018 and 2018-19, and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc. For further details on the use of the Issue Proceeds, please refer chapter titled "Objects of the Issue" beginning on page 64 of this Prospectus.

The deployment of funds for the purposes described above is at the discretion of our Company's Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled 'Objects of this Issue' beginning on page 64 of this Prospectus, the Management will have significant flexibility in applying the proceeds received by our Company from the Issue. However, Audit Committee will monitor the utilization of the proceeds of this Issue. Pending utilization of the Net Proceeds for the purposes



described above, our Company will deposit the Net Proceeds with scheduled commercial banks included in schedule II of the Reserve Bank of India Act, 1934.

- 18. *Our insurance policy does not cover all risks, specifically risks like loss of profits, terrorism etc. 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 standard fire, earth quake and special perils for our all the assets of our Company. We maintain an insurance coverage which we believe is reasonably adequate to cover all fire related risks associated with the operation of our business. However, we may suffer loss, where the loss exceeds our insurance limits. Moreover, we may be unable to successfully assert our insurance claims resulting in losses. 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.

- 19. *Information relating to the historical capacity of our production facilities included in this Prospectus is based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the historical capacity of our production facilities included in this Prospectus is based on various assumptions including those relating to availability of raw materials and operational efficiencies. Actual production levels and rates may differ significantly from the production capacities. Undue reliance should therefore not be placed on our historical capacity information for our existing facilities included in this Prospectus.

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

Our Company has entered into certain transactions with related parties, including our promoter, director and Promoter Group Company. While we believe that all such transactions have been conducted on the arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to Annexure S "Related Party Transactions" in Section titled "Financial Information" beginning on page 151 of this Prospectus.

- 21. *Our ability to pay dividend in the future will depend upon our earnings, financial condition, cash flows, working capital requirements and capital expenditure.***

We have not paid any dividend since incorporation. Our future ability to pay dividend will depend on our earnings, financial condition, cash flows, working capital requirements and capital expenditure. Dividend distributed by us will attract dividend distribution tax at rates applicable from time to time. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividend to the shareholders. Our ability to pay dividends will also depend on our expansion plans. We may not be able to pay dividend in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

- 22. *Our businesses are working capital intensive and we cannot assure you that we will be able to obtain the financing we need to meet such requirements and pursue our growth strategy on terms acceptable to us, or at all and our lenders may change their lending practices, which may have a negative impact on our business.***

Our working capital requirements and growth strategy require continued access to significant amounts of working capital on acceptable terms as we have a higher stocking and receivable cycle due to seasonal nature of our business i.e. Winter wear and Summer wear. Our ability to arrange financing and the costs of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from Banks, the amount and terms of our existing indebtedness, investor confidence, the continued success of current projects and laws that are conducive to our raising capital in this manner. Our attempts to consummate future financings may not be successful or be on terms favorable to us or at all. In



addition, our ability to raise funds, either through equity or debt, is limited by certain restrictions imposed under Indian law.

**23. *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. 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 and produce 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, 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.

**24. *Inability to pay term loan installments and fulfil the obligation under Deferred Payment Guarantee (DPG) Limits availed for the procurement of machinery in the past may affect the operations adversely.***

The Company has availed certain term loans from the Bank in the past and has also availed DPG limits whose installments are spreading over next few years. Any delay or non-payment of these financial obligations may affect the Company's operations adversely.

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

Our factories, godown and offices have significant electricity requirements and any interruption in power supply to our factories, godown and offices may disrupt our operations. Our business and financial results may be affected by any disruption of operations. We depend on third parties for all of our power requirements. Since we have significant power consumption, any unexpected or significant increase in its tariff can increase the operating cost of factories, godown and offices and production cost which we may not be able to pass on to our customers. There are limited number of electricity providers in area from where we operate due to which in case of a price hike we may not be able to find a cost-effective substitute, which may negatively affect our business, financial condition and results of operations.

**26. *Our Company has during the preceding 12 months from the date of prospectus allotted equity shares (as bonus shares) at a price which is lower than the issue price.***

In last 12 months, we have made allotment by way of bonus shares of equity shares to the promoters and their relatives details of which are as follows:

1,12,38,900 equity shares were issued as bonus shares in the ratio of 60:1 (60 shares for every 1 share held) on January 9, 2018 at face value of Rs.10 which is significantly lower than the issue price. For further details of equity shares issued, please refer to Chapter titled Capital Structure on page 50.

**27. *We are involved in low margin business. Any disruption in our turnover or failure to regularly grow the same may have a material adverse effect on our business, results of operations and financial condition.***

Our inability to regularly grow our turnover and effectively execute our key business orders could lead to lower profitability and hence adversely affect our operating results, debt service capabilities and financial conditions. Due to the nature of the products we sell, we may not be able to charge higher margins on our products. Hence, our business model is heavily reliant on our ability to effectively grow our turnover and

manage our key processes including but not limited to raw material procurement, renewal of distribution rights and timely sales / order execution and continuous cost control of core activities.

**28. *Competition may affect market share or profitability which could have an adverse effect on our business, financial condition and revenues.***

In this era the competition from organized and un- organized sectors, organized sector may offer heavy discount to the big client and un-organized sector. The unorganized sector may offeredat very low price as their administrative cost is very less as compared to organized sector.

**29. *Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our cash flows, business results of operations and financial condition.***

As a manufacturing company, we are required to comply with various laws and regulations relating to the environment, health and safety. Our operations are subject to local environmental laws and regulations including the Environment (Protection) Act, 1986, Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974. Though we have all the approvals in place as on date, any change may require any additional compliance and costs.

**30. *An inability to manage our growth could disrupt our business and reduce our profitability.***

We have experienced high growth in recent years and expect our business to grow significantly as a result of our expanded operations. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of quality;
- recruiting, training and retaining sufficient skilled management and marketing personnel;
- increasing the strength and depth of our management personnel to address future growth;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

An inability to manage our growth may have an adverse effect on our cash flows, business and results of operations.

**31. *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 Prospectuson 84 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.

**Risks in relation to Equity Shares**

**32. *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.

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

Once listed, we would be subject to circuit breakers imposed by stock exchange(s) in India, which does not allow transactions beyond specified increase or decrease in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

**34. *After this Issue, the price of the Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.***

The price of the Equity Shares on the Stock Exchanges may fluctuate as a result of the factors, including:

- a. Volatility in the Indian and global capital market;
- b. Company's results of operations and financial performance;
- c. Significant developments in India's economic and fiscal policies;

There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

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

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

**36. *You will not be able to sell immediately on Indian Stock Exchanges any of the Equity Shares you purchase in the Issue until the Issue receives appropriate trading permissions.***

The Equity Shares will be listed on the Stock Exchange. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. We cannot assure you that the Equity Shares will be credited to investor's demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this Prospectus. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Equity Shares.

**37. *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 has been determined by fixed price method. This price is based on numerous factors (For further information, please refer chapter titled "*Basis for Issue Price*" beginning on page 70 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.

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

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

#### **EXTERNAL RISK FACTORS**

**39. *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, change in regulatory framework, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism.

**40. *Any changes in the regulatory framework could adversely affect our operations and growth prospects***

Our Company is subject to various regulations and policies. For details see section titled “Key Industry Regulations and Policies” beginning on page 117 of this Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse effect on our business, financial condition and results of operations.

**41. *Natural calamities, civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse effects on our operations and financial performance***

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

**42. *We are subject to risks arising from interest rate fluctuations, which could adversely impact our business, financial condition and operating results.***

Changes in interest rates could affect our financial condition and results of operations. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. This may negatively impact our results of operations and cash flows.

**43. *Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse impact on our business, financial condition and results of operations.***

Taxes and other levies imposed by the Central or State Governments in India that impact our industry include customs duties, GST, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. There can be no assurance that these tax rates/slab will continue in the future. Any changes in these tax rates/slabs could adversely affect our financial condition and results of operations.

**44. *Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and our business.***

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Terrorist attacks and other acts of violence may adversely affect the Indian stock markets, where our Equity Shares will trade, and the global equity markets generally.

**45. *The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP.***

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI (MCA), through a press note dated January 22, 2010. The MCA through a press release dated February 25, 2011, announced that it will implement the converged accounting standards in a phased manner after various issues including tax-related issues are resolved. The MCA is expected to announce the date of implementation of the converged accounting standards at a later date. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding period in the comparative fiscal year/period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

**46. *Economic developments and volatility in securities markets in other countries may cause the price of the Equity Shares to decline.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investor's reactions to developments in one country may have adverse effects on the market price of securities of companies situated in other countries, including India. For instance, the recent financial crisis in the United States and European countries led to a global financial and economic crisis that adversely affected the market prices in the securities markets around the world including Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

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

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

**48. *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

**49. *We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and trading industry contained in the Prospectus.***

While facts and other statistics in the Prospectus relating to India, the Indian economy and the transformers, cables and wire industry has been based on various government publications and reports from government agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled “*Our Industry*” beginning on page 84 of the Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

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

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

## **PROMINENT NOTES**

- a) The Public Issue of 40,86,000 Equity Shares of face value of Rs 10 each for cash at par aggregating Rs 2655.90 Lakhs (“the **Issue**”). Issue of Equity Shares will constitute 26.34% of the Post-Issue paid up



Equity Share Capital of our Company. For more information, please refer to the chapter titled “[The Issue](#)” beginning on page 43 of this Prospectus.

- b) The pre-issue net worth of our Company was Rs.3110.76 lakhs, Rs.2949.41 lakhs, Rs.2761.99 lakhs, Rs.2600.91 lakhs, Rs. 2462.93 lakhs and Rs. 1188.17 lakhs of period ending December 31,2017, years ending March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 respectively. The book value per Equity Share was Rs.1660.71, Rs. 1574.57, Rs. 1475.30, Rs.1389.26, Rs.1315.56 and Rs.1168.14 as of December 31,2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 respectively as per the restated financial statements of our Company. For more information, please refer to section titled “*Financial Information*” beginning on page151 of this Prospectus.
- c) The average cost of acquisition of per Equity Shares by our Promoters, which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

Name of the Promoter	No. of Shares held	Average cost of Acquisition (in ₹)
Renu Mehra	46,17,700	12.58
Rajesh Mehra	57,22,715	9.88
Rajesh Mehra (HUF)	10,67,500	17.17

*As certified by our Statutory Auditors vide their certificate dated January 20, 2018.*

- d) For details of related party transactions entered into by our Company, please refer to the chapter titled “*Related Party Transactions*” beginning on page 150 of this Prospectus.
- e) Except as disclosed in the chapters titled “*Capital Structure*”, “*Our Promoters and Promoter Group*” and “*Our Management*” beginning on pages 50, 142, 131 respectively, of this Prospectus, none of our Promoters, Directors or Key Management Personnel has any interest in our Company.
- f) Except as disclosed in the chapter titled “*Capital Structure*” beginning on page 50 of this Prospectus, we have not issued any Equity Shares for consideration other than cash.
- g) Investors may contact the LM or the Company Secretary and Compliance Officer for any clarification / complaint or information relating to the Issue, which shall be made available by the LM and our Company to the investors at large. No selective or additional information will be available for a section of investors in any manner whatsoever. For contact details of the LM and the Company Secretary and Compliance Officer, please refer to the chapter titled “*General Information*” beginning on page44 of this Prospectus.
- h) Investors are advised to refer to chapter titled “*Basis for Issue Price*” beginning on page 70 of this Prospectus.
- i) Trading in Equity Shares for all investors shall be in dematerialized form only.
- j) There are no financing arrangements whereby the Promoters, the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this Prospectus.
- k) Except as stated in the chapter titled “*Our Group Entities*” beginning on page 147 and chapter titled “*Related Party Transactions*” beginning on page 150 of this Prospectus, our Group Entities have no business interest or other interest in our Company.
- l) Investors may note that in case of over-subscription in the Issue, allotment to Retail applicants and other applicants shall be on a proportionate basis. For more information, please refer to the chapter titled “*Issue Structure*” beginning on page 230 of this Prospectus.

## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

#### **Global Economy:**

The global upswing in economic activity is strengthening. Global growth, which in 2016 was the weakest since the global financial crisis at 3.2 percent, is projected to rise to 3.6 percent in 2017 and to 3.7 percent in 2018. The growth forecasts for both 2017 and 2018 are 0.1 percentage point stronger compared with the April 2017 World Economic Outlook (WEO) forecast.

Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia—where growth outcomes in the first half of 2017 were better than expected—more than offset downward revisions for the United States and the United Kingdom. But the recovery is not complete: while the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies. Commodity exporters, especially of fuel, are particularly hard hit as their adjustment to a sharp stepdown in foreign earnings continues. And while short-term risks are broadly balanced, medium-term risks are still tilted to the downside. The welcome cyclical pickup in global activity thus provides an ideal window of opportunity to tackle the key policy challenges—namely to boost potential output while ensuring its benefits are broadly shared, and to build resilience against downside risks. A renewed multilateral effort is also needed to tackle the common challenges of an integrated global economy.

Since the last meeting of the Monetary Policy Committee of Reserve Bank of India in October 2017, global economic activity has been gaining momentum through the final quarter of the year, driven mainly by advanced economies (AEs). US growth remained largely resilient to hurricanes and grew at the highest pace in the past three years in Q3 of 2017, with positive contributions from private consumption, investment activity and net exports. The unemployment rate fell to 4.1 per cent in October, the lowest in the last 17 years. In the Euro area, economic activity expanded, underpinned by accommodative monetary policy and strong job gains. The Japanese economy also continued to grow in Q3, largely supported by external demand, which helped compensate for the slowing of domestic consumption.

Among major emerging market economies (EMEs), the services sector remained the main driver of growth in China in Q3. However, weakness in real estate and construction activity remained a drag on growth. In Brazil, incoming data suggest that the recovery gained further momentum in Q3, with unemployment touching an intra-year low in September. Business and consumer confidence rose in October. Economic activity in Russia moderated in Q3 due to weakness in industrial production. The South African economy continued to face headwinds from weak manufacturing activity, elevated levels of unemployment and political instability.

The latest assessment by the World Trade Organisation (WTO) for Q4 indicates a loss of momentum in global trade due to declining export orders. Crude oil prices touched a two-and-a-half-year high in early November on account of the Organisation of the Petroleum Exporting Countries' (OPEC) efforts to rebalance the market. Bullion prices have been under some selling pressure on account of the rising US dollar. Weak non-oil commodity prices and subdued wage dynamics have kept inflation contained in many AEs, while the inflation scenario remains diverse in major EMEs.

Global financial markets have remained buoyant, reflecting the improving economic outlook and the gradual normalisation of monetary policy by the US Fed. Equity markets have gained on improved corporate earnings and anticipation of large tax cuts in the US. Although equity markets have made gains in EMEs in general, they faced risk aversion in some economies. While bond yields in most AEs have moved sideways in the absence of inflation pressures, they have risen across most EMEs on country-specific factors. In currency markets, the US dollar has gained, while the surge in the euro on positive economic data lost some momentum in November due to political uncertainty. Several emerging market currencies weakened due to domestic factors. Capital inflows to EMEs have been differentiating among countries, based on investor perceptions of risk-return trade-offs.

Source: (<https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017>, [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=42619](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=42619) )

## **Overview of Indian Economy**

India's gross domestic product (GDP) grew by 6.3 per cent in July-September 2017 quarter as per the Central Statistics Organisation (CSO). India's foreign exchange reserves were US\$ 404.92 billion as on December 22, 2017, according to data from the RBI. The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2018-19 to overtake private consumption growth of 7.4 per cent, and thereby drive the growth in India's gross domestic product (GDP) in FY 2018-19. Indian merchandise exports in dollar terms registered a growth of 30.55 per cent year-on-year in November 2017 at US\$ 26.19 billion, according to the data from Ministry of Commerce & Industry. The Nikkei India manufacturing Purchasing Managers' Index increased at the fastest pace in December 2017 to reach 54.7, signaling a recovery in the economy.

The growth of real gross value added (GVA) accelerated sequentially in Q2 of 2017-18, after five consecutive quarters of deceleration. It was powered by a sharp acceleration in industrial activity. All the three sub-sectors of industry registered higher growth. GVA growth in the manufacturing sector – the key component of industry – accelerated sharply on improved demand and re-stocking post goods and services tax (GST) implementation. The mining sector expanded in Q2 due to higher coal and natural gas production. GVA growth in the electricity, gas, water supply and other utility services sector also strengthened on higher demand. In contrast, growth in agriculture and allied activities slackened, reflecting the lower than expected kharif harvest. Activity in the services sector decelerated, mainly on account of slowdown in financial, insurance, real estate and professional services, and in public administration, defence and other services following the large front-loading of government expenditure in Q1. Despite some improvement, construction sector growth remained tepid due to transitory effects of the RERA and GST implementation. Growth in trade, hotels, transports and communication sub-group remained resilient, in spite of some slowdown in growth in Q2 as compared with the previous quarter. On the expenditure side, the growth of gross fixed capital formation improved for the second successive quarter. However, growth in private final consumption expenditure – the mainstay of aggregate demand – slowed to an eight-quarter low in Q2.

Looking beyond Q2, rabi sowing in Q3 has so far been marginally lagging behind the acreage sown during the comparable period of the previous year. Precipitation since October has remained at around 13 per cent below the long period average (LPA). Major reservoirs, the main source of irrigation during the rabi season, were at 64 per cent of the full reservoir level vis-a-vis 67 per cent in the previous year. On the positive side, pulses sowing increased significantly as compared with a year ago, partly reflecting the impact of lifting of the export ban for all varieties of pulses.

Available high-frequency indicators suggest a mixed picture of industrial activity for Q3. Core industries' growth was flat in October as all constituents barring steel and fertilisers slowed down sequentially. Coal mining, which revived strongly in Q2, slowed down too, while cement production contracted. In contrast, the Purchasing Managers' Index (PMI) for manufacturing, which fell in October, rebounded in November, driven by output and new orders. Also, according to the Reserve Bank's Industrial Outlook Survey (IOS), production is expected to pick up in Q3 as order books are rising.

Services sector activity has remained mixed in October. In the transportation sector, sales of commercial vehicles decelerated; those of passenger vehicles and two-wheeler turned into contraction mode. By contrast, domestic and international air passenger and freight traffic, and railway freight expanded robustly. The Reserve Bank's survey suggests that sentiments on service sector activity for Q3 are upbeat and auto sales have rebounded in November. On the other hand, PMI for services moved into contraction zone in November.

Retail inflation measured by year-on-year change in the consumer price index (CPI) recorded a seven-month high in October, driven by a sharp uptick in momentum, tempered partly by some favourable base effects. Food inflation was volatile in the last two months – declining sharply in September and bouncing back in October – due mainly to vegetables and fruits. Milk and eggs inflation has shown an uptick, while pulses inflation remained negative for the eleventh successive month in October. Cereal inflation remained stable. Fuel group inflation, which has been on an upward trajectory since July, accelerated further due to a sharp pick-up in inflation in liquefied petroleum gas (LPG), kerosene, coke and electricity.

CPI inflation excluding food and fuel, which increased from July to September, remained steady in October and increased in December 2018 quarter. The Wholesale Price Index (WPI)-based inflation eased to a three-month low of 3.58 per cent in December, down from 3.93 per cent the month before. Earlier, data from the Central Statistics Office showed Consumer Price Index (CPI)-based inflation had risen to a 17-month high of 5.21 per cent in December, up from 4.88 per cent in November. According to ICRA, the divergence in the sequential trend in CPI and WPI inflation in December was driven by food inflation and the impact of the higher housing inflation, limited to the CPI. The dip in inflation for primary food articles in the WPI for December might signal some correction in the CPI inflation for food items in the ongoing month. The decline in WPI was driven by primary articles (those not processed), which dropped to 3.86 per cent in December from 5.28 per cent in November. The category has a weight of 22.62 per cent in the index. Within this category, food inflation eased to 4.72 per cent in December, down from 6.06 per cent in November, led by cereals, vegetables, eggs, meat, and fish. While vegetable prices rose 56.46 per cent in December, those of pulses continued to contract. Wholesale pulse prices contracted by 34.6 per cent in December, a sixth straight month of fall. Fuel and power inflation rose to 9.16 per cent in December, up from 8.82 per cent in November, suggesting that industry is likely to see a compression in margins. On the other hand, wholesale inflation in manufactured products remained at the same level as before (2.6 per cent). The category has a weight of 64.23 per cent in the index. However, in this category, wholesale prices of basic metals rose by 10.03 per cent, up from 9.9 per cent in November. Those of semi-finished steel went up 6.19 per cent, from 2.89 per cent in November.

Merchandise exports declined by 1.1 per cent in October 2017 after showing positive growth for 14 consecutive months. A sustained increase in exports of engineering goods, petroleum products and chemicals during the month was outweighed by a sharp fall in shipments of gems and jewellery, ready-made garments, and drugs and pharmaceuticals. Imports continued to expand, though at a modest pace. Although gold imports rose sequentially in October, they moderated from their level a year ago. Consequently, the trade deficit widened again in October. Despite moderation in September, net foreign direct investment in H1 of 2017-18 was at the same level as a year ago. With the announcement of the recapitalisation plan for public sector banks, foreign portfolio inflows into equities resumed sharply in October, after recording outflows in the preceding month. India's foreign exchange reserves were at US\$ 401.94 billion on November 30, 2017.

(Source: [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=42619](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=42619))

Economic growth is projected to remain strong and India will remain the fastest growing G20 economy. The increase in public wages and pensions will support consumption. Private investment will recover gradually as excess capacity diminishes, and the introduction Goods and Services Tax and other measures to improve the ease of doing business are being implemented. However, large non-performing loans and high leverage of some companies are holding back investment.

Monetary policy is projected to remain tight as inflation expectations have still not fully adjusted down. The need to reduce the relatively high public – debt – to – GDP ratio leaves little room for fiscal stimulus. However, investing more in physical and social infrastructure is critical to raising living standards for all. This should be financed by a comprehensive reform of income and property taxes.

Restoring credit discipline and cleaning up banks' balance sheets will be instrumental to support the credit growth needed to finance more business investment.

Trade openness has increased, partly driven by a competitive service sector. Manufacturing has lagged behind, with limited contribution to exports and job creation, leaving many workers in low-paid jobs.

Promoting quality job creation in manufacturing would require reducing further restrictions on FDI And trade, modernising labour regulations and providing better education and skills. Better infrastructure, transport and logistic services would facilitate manufacturing firms' access to global markets, particularly from remote and poorer regions.

## **Government Initiatives**

In the Union Budget 2017-18, the Finance Minister, Mr Arun Jaitley, reaffirmed that the major push of the budget proposals is on growth stimulation, providing relief to the middle class, providing affordable housing, curbing black money, digitalisation of the economy, enhancing transparency in political funding and simplifying the tax administration in the country.

India's unemployment rate has declined to 4.8 per cent in February 2017 compared to 9.5 per cent in August 2016, as a result of the Government's increased focus towards rural jobs and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Some of the recent initiatives and developments undertaken by the government are listed below:

- The Government of India has succeeded in providing road connectivity to 85 per cent of the 178,184 eligible rural habitations in the country under its Pradhan Mantri Gram Sadak Yojana (PMGSY) since its launch in 2014.
- A total of 15,183 villages have been electrified in India between April 2015-November 2017 and complete electrification of all villages is expected by May 2018, according to Mr Raj Kumar Singh, Minister of State (IC) for Power and New & Renewable Energy, Government of India.
- The Government of India has decided to invest Rs 2.11 trillion (US\$ 32.9 billion) to recapitalise public sector banks over the next two years and Rs 7 trillion (US\$ 109.31 billion) for construction of new roads and highways over the next five years.
- The mid-term review of India's Foreign Trade Policy (FTP) 2015-20 has been released by Ministry of Commerce & Industry, Government of India, under which annual incentives for labour intensive MSME sectors have been increased by 2 per cent.
- The India-Japan Act East Forum, under which India and Japan will work on development projects in the North-East Region of India will be a milestone for bilateral relations between the two countries, according to Mr Kenji Hiramatsu, Ambassador of Japan to India.
- The Government of India will spend around Rs 1 lakh crore (US\$ 15.62 billion) during FY 18-20 to build roads in the country under Pradhan Mantri Gram Sadak Yojana (PMGSY).
- The Government of India plans to facilitate partnerships between gram panchayats, private companies and other social organisations, to push for rural development under its 'Mission Antyodaya' and has already selected 50,000 panchayats across the country for the same.
- The fiscal deficit of the Government of India, which was 4.5 per cent of the gross domestic product (GDP) in 2013-14, has steadily reduced to 3.5 per cent in 2016-17 and is expected to further decrease to 3.2 per cent of the GDP in 2017-18, according to the Reserve Bank of India (RBI).
- The Government of India plans to implement a new scheme, named 'Sasti Bijli Har Ghar Yojana' with an outlay of Rs 17,000 crore (US\$ 2.64 billion), to provide electricity to around 40 million un-electrified households in the country.
- The Government of India and the Government of Portugal have signed 11 bilateral agreements in areas of outer space, double taxation, and nano technology, among others, which will help in strengthening the economic ties between the two countries.
- India's revenue receipts are estimated to touch Rs 28-30 trillion (US\$ 436- 467 billion) by 2019, owing to Government of India's measures to strengthen infrastructure and reforms like demonetisation and Goods and Services Tax (GST).

## **Road Ahead**

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitization, globalization, favorable demographics, and reforms.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

## Global Textile & Apparel Industry Overview

The Textile & Apparel trade was worth USD 773 billion, in 2013, and is expected to grow at a CAGR of 5% over the next decade. The growth of the apparel trade is expected to outpace that of the fabric trade. China dominates global Textile & Apparel exports with a 40% share of made-ups, 37% of apparel, and 39% of fabric. India, Bangladesh, Vietnam, Turkey, Pakistan, etc. are the other major Textile & Apparel exporters. The global fabric trade was worth USD 137 billion in 2013 while the global apparel trade was worth USD 428 billion. It is expected that the rate of growth of the trade in knit fabric and apparel will be higher than that for the woven counterparts. Asia is the leader in terms of the installed capacity of textile machinery; 86% of short-staple spindles, 45% of long-staple spindles, 55% of rotor spinning machines, 73% of shuttleless looms, and 85% of shuttle looms are installed in Asia alone. China, India, Pakistan, Indonesia, and Thailand are among the leaders in terms of this installed capacity. The US, EU-27 countries, and Japan remain the key apparel importers. However, the apparel imports of emerging countries like Russia, China, and India have registered some momentum in recent times. (Source: *Technopak's Textile & Apparel (T&A) Compendium 2015*).

China has started losing apparel manufacturing competitiveness in the global market owing to its increasing labor and energy cost. Additionally, the growing domestic market of China has forced many China based manufacturers to shift focus away from exports market to domestic market. Consequently, the share of China in global apparel exports, which was on an increasing trend in the previous decade, has lost pace in recent years. Bangladesh and Vietnam lack integrated value chains and depend on imports for raw material and intermediary products, especially for cotton based apparel manufacturing which is predominantly used in infant and toddler apparel. Bangladesh also faces sporadic issues of social unrest, violation of safe working norms which are expected to affect its future growth in apparel exports. Most of the global brands as a part of their global supply chain mission prefer working only with socially compliant partners. Inadequate infrastructure, limited energy supply and over-dependence on basic apparel are additional challenges for growth of apparel exports of Bangladesh.

India has the advantage of an abundant supply of cotton (second largest producer of cotton), Government support for apparel manufacturing and a strong reputation of meeting stringent quality, environmental and social norms of international buyers. India also has expertise in manufacturing of apparel with embroideries, trims, patchworks and appliques which are often used in children's wear, especially in girls wear. India has the capability to meet design and product development requirements of western market which makes the country a sourcing destination of choice for buyers and buying offices that prefer to outsource designs from suppliers.

(Source: *ITC, UN Comtrade, Technopak Analysis*)

## Indian Textile and Apparel Industry

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The textiles industry is also labour intensive and is one of the largest employers.

The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. Even today, textiles sector is one of the largest contributors to India's exports with approximately 15% of total exports.

The Indian textiles industry is extremely varied, with the hand-spun and handwoven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector.



- 1) Textile plays a major role in the Indian economy. It contributes 14 per cent to industrial production and 4 per cent to GDP.
- 2) With over 45 million people, the industry is one of the largest source of employment generation in the country
- 3) The industry accounts for nearly 15 per cent of total exports
- 4) The size of India's textile market in 2016 was around US\$ 137 billion, which is expected to touch US\$ 226 billion market by 2023, growing at a CAGR of 8.7 per cent between 2009-23E
- 5) The new textile policy which was planned by the central government in June 2017 aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs.
- 6) The textile and apparel industry can be broadly divided into two segments - yarn and fibre, and processed fabrics and apparel. India accounts for ~14 per cent of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share. The domestic textile industry in India is estimated to reach US\$ 250 billion by 2019 from US\$ 150 billion in July 2017, while Cotton production in India is expected to increase 10-15 per cent during FY18.

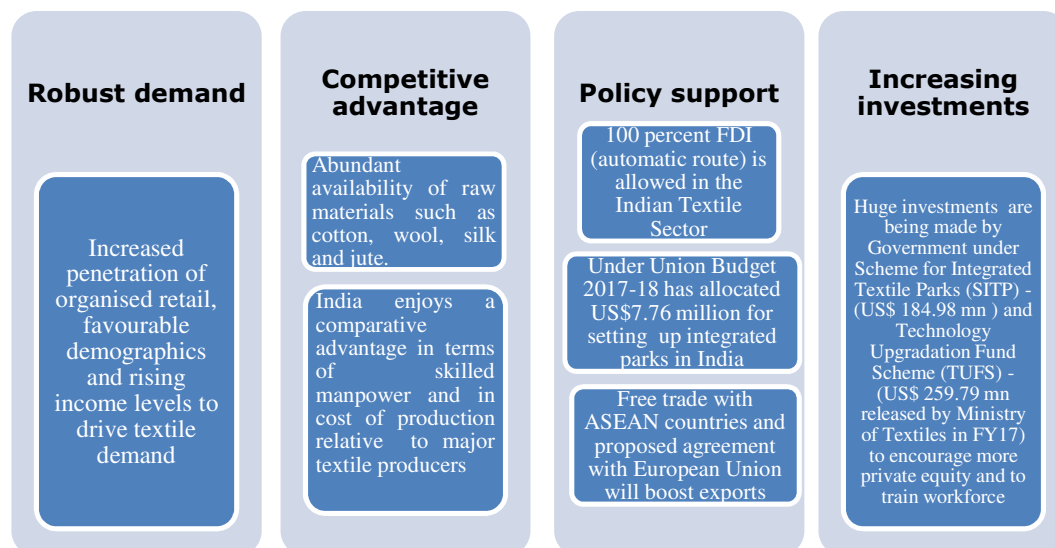
Increased penetration of organised retail, favourable demographics, and rising income levels are likely to drive demand for textiles. India is the world's second largest exporter of textiles and clothing.

Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021. Exports of textiles from India reached Rs 1.2 trillion (US\$ 18.57 billion) during April – September 2017. Readymade garments remain the largest contributor to total textile and apparel exports from India, contributing 47.69 per cent to total textile and apparel exports. Yarn and made-ups were the other major contributors with shares of 14.36 per cent and 12.89 per cent, respectively.

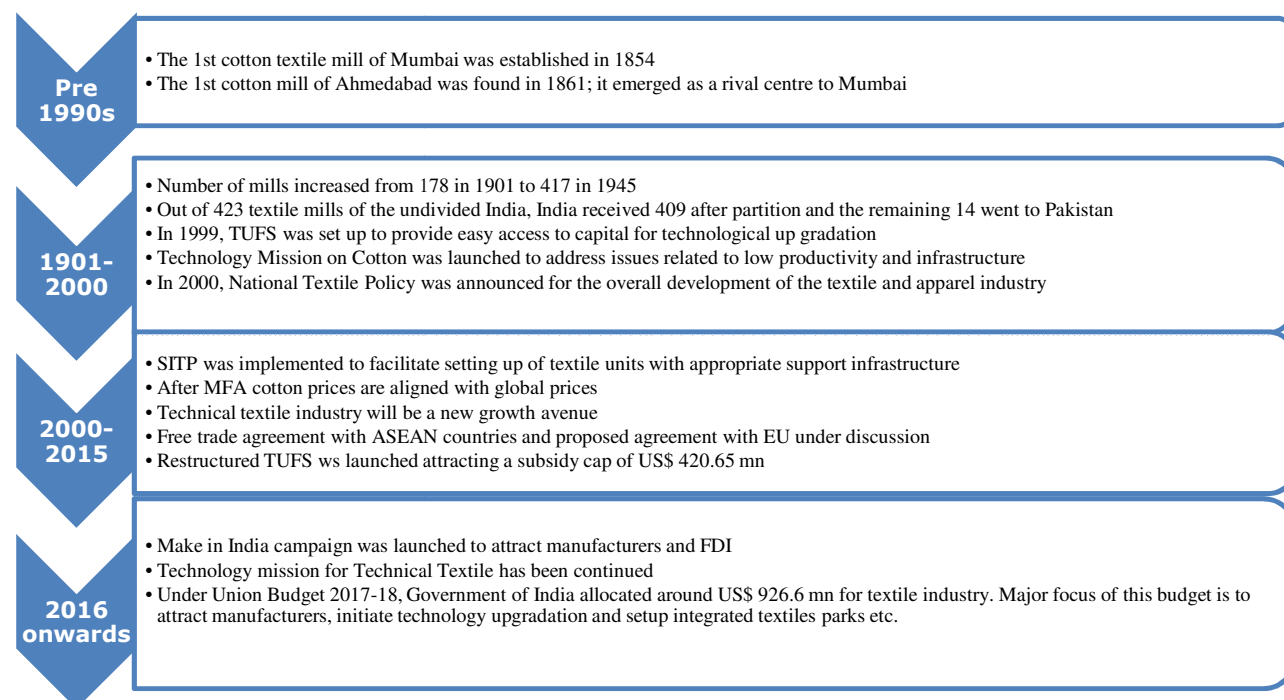
Rising government focus and favourable policies is leading to growth in the textiles and clothing industry. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Upgradation Fund Scheme (TUFS). To promote apparel exports, 12 locations have been approved by the government to set up apparel parks for exports. Under Union Budget 2017-18, Government of India allocated around US\$ 926.66 million for textile Industry. Free trade with ASEAN countries and proposed agreement with European Union will also help boost exports. Cumulative FDI in the Indian textiles reached US\$ 2.4 billion between April 2000 to September 2017. The government has extended the duty drawback facility on all textile products and increased rates in some cases for one year to boost exports in the sector. The government is also planning to conduct road shows to promote the country's textiles in non-traditional markets like South America, Russia and select countries in West Asia.

*(Source: Indian Brand Equity Foundation - IBEF)*

## Advantage India



## Evolution of Indian Textile Sector



## **Porter's Five Force Framework Analysis**

### **Bargaining power of suppliers**

Low: Significant presence of small suppliers has reduced the bargaining power

### **Bargaining power of buyers**

High: Major clothing brands have better bargaining power

### **Threat of substitutes**

High: Low cost substitute products from countries like Pakistan and Bangladesh

### **Threat of new entrants**

**Medium** – 100 per cent FDI (automatic route) is allowed in the Indian textile sector

A few large suppliers are focusing on forward integration

### **Competitive rivalry**

**High** – Intense competition between established brands and private label brands

Industry is highly fragmented with organised sector contributing only 31 per cent in 2011

### **Exports have posted strong growth over the years.**

Exports have been a core feature of India's textile and apparel sector, a fact corroborated by trade figures

Exports in textile and apparel sector stood at US\$ 36.63 billion in FY17. Exports of textiles from India reached Rs 1.2 trillion (US\$ 18.57 billion) during April – September 2017.

As of November 2016, the government has extended the duty drawback facility on all textile products and increased the rates in some cases for 1 year to boost exports in the sector

The Goods and Services Tax that rolled out in July 2017 is expected to make imported garments cheaper by 5-6 per cent, as the GST regime will levy 5 per cent tax for both domestic textile manufacturers and importers.

India took the top spot in market share in the men/boys knitwear shirts cotton' category with respect to garment exports to the US between January-June 2017.

The domestic textile and apparel has been one of the largest contributors to India's exports. During FY17, India exported textile items worth US\$ 36.6 billion. Ready made garments had a share of 47.7 per cent in these exports and reached US\$ 17.5 billion. During the same period, fibre, yarn, fabric, and made ups exports reached US\$ 2.5 billion, US\$ 5.3 billion, US\$ 4.3 billion, and US\$ 4.7 billion, respectively.

During April-June 2017, India exported cotton items worth US\$ 4.6 billion which includes cotton yarn, fiber, fabric, made ups, and readymade garments from cotton. Handicrafts reached US\$ 443.64 million during the same period and had a share of 4.53 per cent in overall textile exports.

Source: IBEF

## India's Textile Market: Size and Growth

Domestic Indian Textile Market (USD bn)



Category wise market break-up (INR cr)

Categories	2013 (E)	2016 (P)	2021 (P)	CAGR (2011-21)
Bed Linen	10,260	14,100	20,710	7%
Towels	3,800	5,220	7,670	7%
Curtains	2,150	3,210	5,170	9%
Blankets	1,680	2,200	3,080	6%
Upholstery	1,410	2,090	3,360	9%
Kitchen Linen	1,270	1,740	2,570	7%
Rugs & Carpets	590	880	1,410	9%
<b>Total</b>	<b>21,160</b>	<b>29,440</b>	<b>43,970</b>	<b>8%</b>

E: Estimate P: Projection

Source: Technopak Analysis

Capacity built over years has led to low cost of production per unit in India's textile industry; this has lent a strong competitive advantage to the country's textile exporters relative to key global peers. The sector has also witnessed increasing outsourcing over the years as Indian players moved up the value chain from being mere converters to vendor partners of global retail giants. The strong performance of textile exports is reflected in the value of exports from the sector over the years. In the coming decades, Africa and Latin America could very well turn out to be key markets for Indian textiles.

## SUMMARY OF OUR BUSINESS

*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 section titled 'Risk Factors', beginning on page no14 of this Prospectus*

*This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the section titled 'Risk Factors' and the chapters titled 'Restated Financial Statement' and 'Management Discussion and Analysis of Financial Conditions and Results of Operations' beginning on page no14, 151 & 191 respectively of this Prospectus*

*Unless the context otherwise requires, in relation to business operations, in this section of this Prospectus, all references to "we", "us", "our" and "our Company" are to Active Clothing Co Ltd. and Group Entities as the case may be.*

### Overview

Our Company was incorporated as "Active Clothing Co Private Limited" under the provisions of the Companies Act, 1956 on 27<sup>th</sup> February, 2002 bearing "Corporate Identity Number U51311CH2002PTC24970, issued by Registrar of Companies, Punjab & Chandigarh. Our Company was converted from a private limited company to a public limited company vide fresh Certificate of Incorporation consequent upon conversion to public limited company dated December 29, 2017 issued by Registrar of Companies, Punjab & Chandigarh with the Corporate Identity number U51311PB2002PLC033422. For details regarding our incorporation and history, please refer to the chapter titled "History and Certain Other Corporate Matters Structure" beginning on page 128 of this Prospectus.

Active is an integrated apparel manufacturer with the comprehensive capability to design and manufacture high quality readymade garments with a competitive price. The Company can produce various kinds of garments in various styles across three categories which include flat knit sweaters, outerwear jackets, circular knit t-shirts, sweatshirts, joggers for both men, women, kids and babywear.

The Company has an annual total capacity 12,58,810 pieces of sweaters, 242,190 pieces of jackets and 7,80,000 T - Shirts and Sweatshirts. The total production area in the Company is 230,000 sq. ft. For producing high quality products, the Company is supported by sophisticated technology and framework.

Various international brands vest their design and outsourcing requirements and have received satisfactory creative and economically viable results leading to a long term relationship. The Company started with a small production order from Levi, and has today grown rapidly and is catering to the global leading apparel brands.

The key customer base of the Company includes Levi Strauss (India) Pvt. Ltd., U.S Polo, Arrow, Izod, United Colours of Benetton, Numero Uno, Basics, Aero staple, Elle, Iconic, Pepe Jeans, Impulse buying house and other reputed international brands. The Company is also a distributor for international brands such as Levis, Celios, Arvind owned licensee brands Ed Hardy, Flying Machine. The established brands add immense strength to the continuous flow of orders to the Company and its creditability in all aspects.

### Details of our office, facilities, godown

Name of Facility	Address	Description	Nature of Ownership
Regd. & Corp. Office	E-225, Industrial Area, Focal Point, Phase VIII B, Mohali, Punjab	Regd. And Corporate Office. Distribution Office and godown	On lease for 99 years from PSIEC
Factory Premises	Ghel Road, Village Badali Ala Singh, Dist. Fatehgarh Sahib, Punjab	Factory Premises.	Owned
Ludhiana Godown	25, Industrial Focal	Warehouse for inward	Rented

	Point, Near Suffian Chowk, Ludhiana	of raw material	
Bathinda	Mittal Mall, Bathinda	Multi Brand Store of Active's Distribution Brands	Revenue share model
Jhenjeri	Main Landran – Chunni Road, village Jhenjeri	Factory surplus outlet	Rented
MBD Mall	1 <sup>st</sup> Floor, MBD Mall, Ferozpur Road, Ludhiana	Exclusive Brand Outlet	Rented

Source: Company

#### List of major customers (Value of sales – Rs. in lakhs)

Name of customer	FY17	FY16	FY15	FY14	FY13
Arvind Lifestyle Brands Ltd.	342	397	56	250.3	5.3
% of sales	6.17	10.2	2.71	10.02	0.16
Kapsons Fashions	367	380	438	473	543
% of sales	6.61	9.76	21.19	18.9	15.92
Levi Strauss India P Ltd.	3030	2480	1295	1546	2196
% of sales	54.6	63.7	62.65	61.9	64.37
Pepe Jeans India P. Ltd.	228	251	100	88	-
% of sales	4.11	6.45	4.84	3.52	-
Hasbro Clothing P. Ltd.	115	174	-	-	-
% of sales	2.07	4.47	-	-	-
Monalisa Shawl and Saree	330	210	178	139	667
% of sales	5.95	5.40	8.61	5.6	19.55
Numero Uno	170	-			
% of sales	3.07	-			
Benetton India	77	-			
% of sales	1.39	-			
Again Lifestyle Pvt. Ltd.	888	-			
% of sales	16.0	-			
<b>Total</b>	<b>5,547</b>	<b>3,892</b>	<b>2,067</b>	<b>2,496.3</b>	<b>3,411.3</b>
<b>Total contribution from top customers</b>	<b>46.18%</b>	<b>34.73%</b>	<b>18.68%</b>	<b>24.23%</b>	<b>42.4%</b>

Source: Company

#### SWOT Analysis

##### 1) Strengths

- The Company is a fully integrated Company for apparels and has one of the rarest business model in Industry to have all the verticals starting from design studio to development, state of art manufacturing facilities, large distribution network and also retail outlets.
- The key customer base of the Company includes Levi Strauss (India) Pvt. Ltd., U.S Polo, Arrow, Izod, United Colours of Benetton, Numero Uno, Basics, Aero staple, Elle, Iconic, Pepe Jeans, Impulse buying house and other reputed international brands. The Company is also a distributor for international brands such as Levis, Celios, Arvind owned licensee brands Ed Hardy, Flying Machine. The established brands add immense strength to the continuous flow of orders to the Company and its creditability in all aspects.
- The Company is one of the key manufacturers and distributors of winter wear and summer wear products of Levi's where the price tickets carrying the Logo of goods contains 'Marketed by Levi Strauss (India) Pvt. Ltd. & manufactured by Active Clothing Co. Ltd.



- d. The Company has best of state of the art technology, with knitting machines procured from renowned German supplier - "STOLL", leading Japanese supplier Shima Seiki, JUKI. Hence, they command an edge over peers in terms of efficiency in cost of production, controlled quality and larger quantity.
- e. The Company has a strong in-house design, testing, fitment and quality inspection facilities.
- f. The promoters have a vast experience in the field of this business, seasoned management team and work force of about 1000 employees.
- g. Strong customer base in all the different verticals of manufacture and distribution and have no dependency on a particular customer.
- h. It has launched its own fashion brand of sweaters and jackets "Aagain" to leverage on its production capacity and reduce complete dependence on external orders from clients.
- i. It also has multibrand outlet at Bathinda, having distribution brands Flying Machine, Levis, Celio, Ed hardy, Again etc. Also operates exclusive store at MBD mall, Ludhiana.
- j. The Company received service recognition award from Levi's in recognition of 14 years of service provided to them.

## **2) Weakness**

- a. Working capital intensive business.
- b. High requirement of labour and workers.
- c. Fluctuation in price rise of raw material: - Any Fluctuations in prices has a direct impact on bottom line of the business.
- d. Over dependence on a single yarn: - Due to over specialization in cotton, the bulk of the international market is missed out, synthetic products in India are expensive and many fabrics are relatively unavailable.

## **3) Opportunities**

- a. "Make In India" initiative of Government of India: - Government is focusing on make India a global hub for manufacturing of goods which is an opportunity to create a global manufacturing unit.
- b. Huge growth potential available to add more players for their outsourcing requirement.
- c. Sufficient availability of raw material: India has high self-sufficiency in raw material particularly natural fibres. India's cotton crop is the third largest in the world.
- d. Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021.
- e. Readymade garments remain the largest contributor to total textile and apparel exports from India, contributing 47.69 per cent to total textile and apparel exports which are expected to grow further in coming years.

## **4) Threats**

- a. International Competition: Competition from China, Sri Lanka, Bangladesh on account of better pricing and Export benefits.
- b. No entry barriers in our industry which puts it to the threat of competition from new entrants.

## SUMMARY OF FINANCIAL INFORMATION

## RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs.in lakhs)

Sr. No.	Particulars	Ann exure	31.12.2017	As at 31 <sup>st</sup> March				
				2017	2016	2015	2014	2013
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>							
<b>1</b>	<b>Shareholders' Funds</b>							
	(a) Share Capital	A	18.73	18.73	18.72	18.72	18.72	10.17
	(b) Reserves and Surplus	B	3092.03	2930.68	2743.27	2582.19	2444.21	1178.00
<b>2</b>	<b>Non-Current Liabilities</b>							
	(a) Long Term Borrowings	C	3375.92	3024.50	3245.85	2196.1	1041.04	1194.04
	(b) Deferred Tax Liabilities (net)	D	4.30	-12.98	0.32	8.43	-6.00	2.82
	(c ) Other Long Term Liabilities	E	92.85	58.03	39.32	24.97	15.25	0
<b>3</b>	<b>Current Liabilities</b>							
	(a) Short Term Borrowings	F	3822.30	3128.10	2491.28	2316.44	2159.43	1683.74
	(b) Trade Payables	G	646.45	1,044.85	507.21	833.71	927.00	414.61
	(c) Other Current Liabilities	H	833.50	806.27	791.35	507.86	267.70	839.40
	(d) Short Term Provisions	I	8.43	0	0	0	25.37	0.94
	<b>TOTAL</b>		<b>11894.51</b>	<b>10998.18</b>	<b>9837.33</b>	<b>8488.43</b>	<b>6892.73</b>	<b>5323.72</b>
<b>II.</b>	<b>ASSETS</b>							
<b>1</b>	<b>Non-current Assets</b>							
	(a)Tangible Assets	J	4719.82	4186.36	4432.92	3722.24	2364.87	1884.78
	(b) Long term loans and advances	K	22.11	23.42	170.39	123.02	149.34	226.10
	(c) Other Non-Current Assets	L	140.00	54.26	49.04	45.36	8.03	142.57
<b>2</b>	<b>Current Assets</b>							
	(a) Inventories	M	3759.67	4259.89	3320.39	3102.01	2508.48	1511.43
	(b) Trade Receivables	N	2948.76	2172.56	1608.50	1154.16	1636.88	1243.57
	(c) Cash and Cash Equivalents	O	168.22	95.31	163.97	74.98	106.13	214.00
	(d) Short Term Loans and Advances	P	135.93	206.38	92.12	266.66	119.00	101.27
	<b>TOTAL</b>		<b>11894.51</b>	<b>10998.18</b>	<b>9837.33</b>	<b>8488.43</b>	<b>6892.73</b>	<b>5323.72</b>

## RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs.in lakhs)

Sr · N o.	Particulars	A n n e x u r e	31.12.2017		As at 31 <sup>st</sup> March			
				2017	2016	2015	2014	2013
<b>I</b>	<b>Income</b>							
	Revenue from Operations	Q	9,904.48	11,997.67	11,198.93	11,062.23	10,298.34	8,044.96
	Other Income	R	7.33	7.68	10.37	5.38	10.33	11.32
	<b>Total Revenue (I)</b>		<b>9911.81</b>	<b>12005.35</b>	<b>11209.3</b>	<b>11067.61</b>	<b>10,308.67</b>	<b>8,056.28</b>
<b>II</b>	<b>Expenses</b>							
	Cost of Material Consumed		4175.99	5646.17	4953.22	5515.03	4391.95	2952.07
	Purchases of stock in Trade		2824.12	3621.75	2713.53	2998.05	4313.28	3591.08
	Changes in Inventories of Stock in Trade		29.26	(715.50)	(28.38)	(288.38)	(655.43)	(258.30)
	Employee Benefits Expense		1288.13	1600.47	1605.85	1120.21	754.78	548.25
	Finance Costs		552.73	636.37	558.73	389.52	356.01	251.96
	Depreciation		460.29	488.30	566.58	394.84	242.28	246.06
	Other Expenses		330.81	505.95	622.67	717.53	694.44	510.23
	<b>Total Expenses (II)</b>		<b>9661.33</b>	<b>11783.51</b>	<b>10992.20</b>	<b>10846.80</b>	<b>10097.31</b>	<b>7841.35</b>
<b>II</b>	<b>Profit/ (Loss) before tax (I - II)</b>		<b>250.48</b>	<b>221.84</b>	<b>217.10</b>	<b>220.81</b>	<b>211.36</b>	<b>214.93</b>
<b>I</b>	<b>Tax Expense</b>							
	- Current tax		59.33	49.23	63.78	58.26	73.57	67.41
	- Deferred tax (Asset)/Liability	D	4.30	(12.98)	0.32	8.43	(6.00)	2.82
<b>I</b>	<b>Total Tax Expense (IV)</b>		<b>63.63</b>	<b>36.25</b>	<b>64.10</b>	<b>66.69</b>	<b>67.57</b>	<b>70.23</b>
<b>V</b>	<b>Profit/ (Loss) for the year (III - IV)</b>		<b>186.85</b>	<b>185.59</b>	<b>153.00</b>	<b>154.12</b>	<b>143.79</b>	<b>144.70</b>

## RESTATED SUMMARY STATEMENT OF CASH FLOWS

(Rs.in lakhs)

Particulars	31.12.2017	For the year ended 31 <sup>st</sup> March				
		2017	2016	2015	2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Net Profit before Taxation and Extra Ordinary Items</b>	250.48	221.84	217.10	220.81	211.36	214.93
Add						
-Depreciation	460.29	488.30	566.58	394.84	242.28	246.06
-Interest Income	(6.57)	(6.72)	(5.18)	(3.60)	(9.17)	(9.50)
-Interest & Finance Charges	552.73	636.37	558.73	389.52	356.01	251.96
<b>Operating Profit before Working Capital Charges</b>	1256.93	1339.79	1337.23	1001.57	800.48	703.45
Other Adjustments:						
Add:						
- Increase/Decrease(-) in Trade Payables	(398.40)	537.64	(326.50)	(93.29)	512.39	60.46
- Increase/Decrease(-) Short Term Provision	8.43	0.00	0.00	(25.37)	24.43	0.94
- Increase/Decrease(-) In Inventory	500.22	(939.50)	(218.38)	(593.53)	(997.05)	(209.77)
- Increase/Decrease(-) in Other Long Term liabilities	34.82	18.71	14.35	9.72	15.25	0
- Increase/Decrease(-) in Other current liabilities	27.23	14.92	283.49	240.16	(571.70)	499.34
Less:						
- Increase/Decrease(-) in Long Term Loans & Advances	(1.31)	(146.97)	47.37	(26.32)	(76.76)	128.36
- Increase/Decrease(-) in Short Term Loans & Advances	(70.45)	114.26	(174.54)	147.66	17.73	48.11
- Increase/Decrease(-) in Other non current assets	85.74	5.22	3.68	37.33	(134.54)	35.77
- Increase/Decrease(-) in Accounts receivable	776.20	564.06	454.34	(482.72)	393.31	296.59
<b>Cash generated/(used) in Operating Activities</b>	<b>(617.88)</b>	<b>(904.80)</b>	<b>(577.89)</b>	<b>(138.26)</b>	<b>(1216.42)</b>	<b>(157.86)</b>
-Income Tax paid	(59.33)	(49.23)	(64.14)	(58.26)	(69.58)	(67.41)
<b>Net Cash generated/(used) in Operating Activities</b>	<b>(677.21)</b>	<b>(954.03)</b>	<b>(642.03)</b>	<b>(196.52)</b>	<b>(1286.00)</b>	<b>(225.27)</b>
<b>Operating profit after working capital changes</b>	<b>579.72</b>	<b>385.76</b>	<b>695.20</b>	<b>805.05</b>	<b>(485.52)</b>	<b>478.18</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
-Interest Received	6.57	6.72	5.18	3.60	9.17	9.50
Sale of Investments						130.00
Less:						
- Purchase of Fixed Assets	1119.66	422.61	1277.26	1,806.54	726.60	673.69
Add:						
- Disposal/ Capital Subsidy of Fixed Assets	125.89	180.88		44.19	4.22	21.21
<b>Net Cash generated/used(-) in Investing Activities</b>	<b>(987.20)</b>	<b>(235.01)</b>	<b>(1272.08)</b>	<b>(1758.75)</b>	<b>(713.21)</b>	<b>(512.98)</b>

	<b>31.12.2017</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Interest and Finance Charges	(552.73)	(636.37)	(558.73)	(389.52)	(356.01)	(251.96)
Add: Proceeds from Long term borrowings	351.42	(221.35)	1049.75	1155.06	(153.00)	16.69
Proceeds from Short term borrowings	694.20	636.82	174.84	157.01	475.69	347.76
Increase in Share Capital/Share Premium/Fees	(12.5)	1.49			1124.18	
<b>Net Cash generated/used(-) in Financing Activities</b>	<b>480.39</b>	<b>(219.41)</b>	<b>665.86</b>	<b>922.55</b>	<b>1090.86</b>	<b>112.49</b>
<b>Net increase/ decrease(-) in Cash and Cash Equivalents</b>	<b>72.91</b>	<b>(68.66)</b>	<b>88.98</b>	<b>(31.15)</b>	<b>(107.87)</b>	<b>77.69</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>95.31</b>	163.97	74.98	106.13	214.00	136.31
<b>Cash and Cash Equivalents at the end of the year</b>	<b>168.22</b>	<b>95.31</b>	<b>163.97</b>	<b>74.98</b>	<b>106.13</b>	<b>214.00</b>

## THE ISSUE

PRESENT ISSUE IN TERMS OF THIS PROSPECTUS	
Equity Shares Offered: Public Issue of Equity Shares by our Company	40,86,000 Equity Shares of Rs.10.00 each for cash at a price of Rs. 65 .00 per share aggregating to Rs. 2655.90 Lac
Issue Reserved for the Market Makers	2,06,000 Equity Shares of Rs. 10.00 each for cash at a price of Rs. 65 per share aggregating Rs. 133.90 Lac
Net Issue to the public*	38,80,000 Equity Shares of Rs. 10 each at a premium of Rs. 55 per Equity Share aggregating Rs. 2522 Lac
	of which
	19,40,000 Equity Shares of Rs. 10.00 each at a premium of Rs. 55.00 per Equity Share will be available for allocation for allotment to Retail Individual Investors of up to Rs. 2.00 Lakhs
	19,40,000 Equity Shares of Rs. 10.00 each at a premium of Rs. 55.00 per Equity Share will be available for allocation for allotment to other Investors of above Rs. 2.00 Lakhs
Equity Shares outstanding prior to the Issue	1,14,26,215 Equity Shares of face value of Rs. 10.00 each
Equity Shares outstanding after the issue	1,55,12,215 Equity Shares of face value of Rs. 10.00 each
“Objects of the Issue”	Refer page 64 of this Prospectus.

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to “Issue Structure” on page 230 of this Prospectus.

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

- a) Minimum fifty percent to Retail Individual Investors; and
- b) Remaining to other than Retail Individual Investors.

The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

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

Our shareholders have authorized the issue pursuant to a resolution of our Board dated January 05, 2018, and by Special Resolution passed under Section 62 of the Companies Act, 2013 at the Extra - ordinary General Meeting of the members held on January 08, 2018.



## GENERAL INFORMATION

Our Company was incorporated as “Active Clothing Co Private Limited” under the provisions of the Companies Act, 1956 on February 27, 2002 bearing Corporate Identity Number U51311CH2002PTC24970 issued by Registrar of Companies Punjab & Chandigarh. Further, our Company was converted from a private limited company to a public limited company vide fresh Certificate of Incorporation consequent upon conversion to public limited company dated December 29, 2017 issued by Registrar of Companies, Punjab and Chandigarh with the Corporate Identity Number U51311PB2002PLC033422. For further details, please refer to chapter titled “*Our History and Certain Other Corporate Matters*” beginning on page 128 of this Prospectus.

### Brief Company and Issue Information

<b>Registered Office</b>	Plot no. E-225, Phase VIII B, Industrial Area, Focal point, Mohali, Punjab, India, 160055. <b>Email :</b> rmehra@activesourcing.org <b>Website:</b> <a href="http://www.activesourcing.org">www.activesourcing.org</a>
<b>Date of Incorporation</b>	27/02/2002
<b>Registration Number</b>	033422
<b>Corporate Identification Number</b>	U51311PB2002PLC033422
<b>Company Category</b>	Company Limited by Shares
<b>Company Sub Category</b>	Indian Non-Government Company
<b>Address of the Registrar of Companies</b>	Corporate Bhavan, 1st Floor, Plot No. 4-B, Madhya Marg, Sector 27B, Chandigarh – 160019
<b>Designated Stock Exchange</b>	<b>BSE SME PLATFORM</b> P J Towers, Dalal Street, Fort, Mumbai-400001
<b>Issue Programme</b>	<b>Issue Opens on: March 12, 2018</b> <b>Issue Closes on: March 14, 2018</b>
<b>Company Secretary and Compliance Officer</b>	<b>Ms. Avneet Kaur Bedi</b> Active Clothing Co Limited Plot no. E-225, Phase VIII B, Industrial Area, Focal Point, Mohali, Punjab, India. Pin code: 160055 Tel: 0172-4313300 , Fax: 0172-4313333 Email: <a href="mailto:csc@activesourcing.org">csc@activesourcing.org</a>
<b>Chief Financial Officer</b>	<b>Mr. Amit Jaswal</b> Active Clothing Co Limited Plot no. E-225, Phase VIII B, Industrial Area, Focal Point, Mohali, Punjab, India. Pin code: 160055 Tel: 0172-4313300, Fax: 0172-4313333 Email: <a href="mailto:amitjaswal29@gmail.com">amitjaswal29@gmail.com</a>

For details of change in the name and Registered Office of our Company, please refer to the chapter titled ‘[History and Certain Other Corporate Matters](#)’ beginning on page 128 of this Prospectus.

**Note: Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post- Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account.**

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

**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.**

## Our Board of Directors

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

Sr. No.	Name	Designation	DIN	Address
1	Mr. Rajesh Mehra	Managing Director	00026176	House No. 1062, Phase 5, Part I, Mohali, Punjab, Pin – 160059
2	Mrs. Renu Mehra	Non Executive Director & Chairman	02033471	House No. 1062, Phase 5, Part I, Mohali, Punjab, Pin – 160059
3	Mr. Rabindra Behera	Independent Director	05298483	Flat No-C-II/308, Kedargouri Apartments, Lewis Road, Garage Chhaka, Old Town, Lingaraj, Bhubaneswar-751002
4	Mr. Mahesh Chandra Saxena	Independent Director	05131810	Flat No. 401, Aster 7, Supertech EmeraldAppartment, 3rd Floor, Sector- 93ANoida-201301

For detailed profile of our Board of Directors, refer to chapter titled '*Our Management*' on page131 of the Prospectus

**Details of Key Intermediaries pertaining to this Issue and Our Company:**

<b>Lead Manager to the Issue</b> <b>Ajcon Global Services Ltd.</b> <b>Address:</b> 101, Samarth Industrial Estate, Off. Hinduja Hospital, 151 Lt. P.N. Kotnis Road, Mahim (West), Mumbai – 400016, India <b>Tel. No. :</b> 022-67160400 <b>Fax No. :</b> 022-28722062 <b>Email:</b> <a href="mailto:mbd@ajcon.net">mbd@ajcon.net</a> <b>Investor Grievanceemail:</b> <a href="mailto:investorgrievance@ajcon.net">investorgrievance@ajcon.net</a> <b>Website:</b> <a href="http://www.ajcononline.com">www.ajcononline.com</a> <b>SEBI Registration No.:</b> INM000011864 <b>Contact Person:</b> Mrs. Pallavi Ajmera	<b>Legal Advisor to the Issue</b> <b>MMJC &amp; Associates LLP.</b> <b>Address:</b> Ecstasy, 803/804, 9th Floor, City of Joy, J.S.D Road, Mulund (West), Mumbai- 400080. <b>Tel. No. :</b> 022-21678100 <b>Email:</b> <a href="mailto:makarandjoshi@mmjc.in">makarandjoshi@mmjc.in</a> <b>Website:</b> <a href="http://www.mmjcadvisory.com">www.mmjcadvisory.com</a> <b>Contact Person:</b> Mr. Makarand M. Joshi
<b>Registrar to the Issue</b> <b>Bigshare Services Pvt. Ltd.</b> <b>Address:</b> 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis , Makwana Road, Andheri (East), Mumbai – 400059. <b>Tel: +91 22 6263 8200</b> <b>Fax: +91 22 6263 8299</b> <b>Email:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a> <b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> <b>Contact Person:</b> Mr. Ashok Shetty <b>SEBI Registration No.:</b> INR000001385	<b>Banker(s) to the Company</b> <b>Indian Overseas Bank</b> <b>Address:</b> Civil Lines, Fountain Chowk, Ludhiana-141001 <b>Tel:</b> + 91- 0161-2449530 <b>Email:</b> <a href="mailto:iob0446@iob.in">iob0446@iob.in</a> <b>Contact Person:</b> Rajan Verma  <b>HDFC Bank Limited</b> <b>Address :</b> SCO 371-372, Sector 35-B Chandigarh 160022 <b>Tel :</b> 0172-5015813 <b>Email ID:</b> <a href="mailto:gagan.sharda@hdfcbank.com">gagan.sharda@hdfcbank.com</a> <b>Contact Person:</b> Gagan Sharda
<b>Auditors of the Company</b> <b>(Statutory Auditor)</b> <b>M/s. Kapoor Rajesh &amp; Associates</b> <b>Address:</b> 63-Rose Enclave, Civil Lines, Ludhiana, Punjab - 141001 <b>Tel:</b> +91-0161-2410386 <b>Contact Person:</b> Deepak Bhatt <b>Email:</b> <a href="mailto:cadeepakbhatt@gmail.com">cadeepakbhatt@gmail.com</a> <b>Membership No:</b> 532529 <b>Firm RegistrationNo:</b> 015350N	<b>Peer Review Auditors</b> <b>M/s. Jiwan Goyal &amp; Co.</b> <b>Address:</b> H.No. 43, Tagore Nagar, Ist Floor, Mela Ram Road, New Improvement Trust Office, Bathinda <b>Tel. No.:</b> 9814599305 <b>Contact Person :</b> Mr. Jiwan Goyal <b>E-mail:</b> <a href="mailto:jiwan91937@yahoo.co.in">jiwan91937@yahoo.co.in</a> <b>Membership No:</b> 091937 <b>Firm Registration No.</b> 012874N
<b>Bankers to the Issue/Public Issue Bank/Refund Banker</b> <b>HDFC Bank Ltd.</b> <b>Address:</b> HDFC Bank Limited, FIG- OPS Department- Lodha, I Think Techno Campus O-3 Level, Next to Kanjurmarg, Railway Station, Kanjurmarg (East) Mumbai- 400042. <b>Tel :</b> +91 22 30752927/28/2914, Fax no.: +91 22 25799801 <b>Contact Person :</b> Vincent Dsouza, Siddharth Jadhav, Prasanna Uchil <b>Email id:</b> <a href="mailto:Vincent.Dsouza@hdfcbank.com">Vincent.Dsouza@hdfcbank.com</a> , <a href="mailto:Siddharth.Jadhav@hdfcbank.com">Siddharth.Jadhav@hdfcbank.com</a> , <a href="mailto:prasanna.uchil@hdfcbank.com">prasanna.uchil@hdfcbank.com</a> <b>Website :</b> <a href="http://www.hdfcbank.com">www.hdfcbank.com</a> <b>SEBI Cert Registration No.:</b> INBI000000063 <b>CIN No:</b> L65920MH1994PLC080618	

*Note: M/s Jiwan Goyal & Co. are appointed as peer review auditors of our Company in compliance with section IX of part A of Schedule VIII of SEBI (ICDR) and holds a valid peer reviewed certificate No. 007330 dated April 1<sup>st</sup>, 2014 with validity upto March 31<sup>st</sup>, 2018 issued by the Institute of Chartered Accountants of India.*

**Self-Certified Syndicate Banks (SCSB's)**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> . For details of the Designated Branches which shall collect Application Forms, please refer to the above-mentioned link.

**Statement of Responsibility of the Lead Manager/ Statement of inter se allocation of responsibilities**

Since Ajcon Global Services Ltd. is the sole Lead Manager to the Issue, a statement of inter se allocation of responsibilities amongst Lead Manager is not required.

**Credit Rating**

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

**Trustees**

This is being an Issue of Equity Shares; the appointment of trustee is not required.

**IPO Grading**

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

**Brokers to the Issue**

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

**Expert Opinion**

Except as stated below, our Company has not obtained any other expert opinions:

Our Company has received consent from the Peer Review Auditor in relation to the Restated Audited financial statements and Statutory Auditor of the Company on the Statemen of tax benefitsto include their name as an expert in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

**Appraisal and Monitoring Agency**

No appraising entity has been appointed in respect of any objects of this Issue.

**Underwriter(s) to the Issue**

The Issue is 100% Underwritten.

Pursuant to the terms of the Underwriting Agreement dated February 15, 2018, entered into by us with Underwriter – Ajcon Global Services Ltd., the obligations of the Underwriter are subject to certain conditions specified therein. The Details of the Underwriting commitments are as under:

<b>Details of the Underwriter</b>	<b>No of shares underwritten</b>	<b>Amount Underwritten (Rs in lakh)</b>	<b>% of Total Issue Underwritten</b>
Ajcon Global Services Ltd.	40,86,000	2655.90	100
<b>Total</b>	40,86,000	2655.90	100

\*Includes 2,06,000 Equity Shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in its OWN account in order to claim compliance with the requirements of Regulation 106 V (4) of the SEBI (ICDR) Regulations, 2009, as amended. In the opinion of the Board of Directors of our Company, the resources of the above mentioned Underwriter are sufficient to enable them to discharge their respective obligations in full.

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

Our Company and the Lead Manager have entered into a tripartite agreement dated February 15, 2018 with the following Market Maker, duly registered with BSE Limited to fulfill the obligations of Market Making:

<b>Name</b>	Ajcon Global Services Ltd
<b>Address</b>	408, A wing, Express Zone, Cello Sonal Realty, Goregaon East, Mumbai 400063
<b>Tel. No.</b>	+91 22-67160400
<b>Fax Number</b>	+91 22-28722062
<b>Email</b>	<a href="mailto:mbd@ajcon.net">mbd@ajcon.net</a>
<b>Contact Person</b>	Ankit Ajmera
<b>SEBI Registration Number</b>	INB010761535
<b>Market Making Registration No.:</b>	SMEMM0617312012012

Ajcon Global Services Ltd, registered with SME segment of BSE Limited will act as the market maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI (ICDR) Regulations.

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

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

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

The minimum depth of the quote shall be Rs. 1,00,000. However, the investors with holdings of value less than Rs. 1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.

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 2,06,000 Equity Shares to be allotted under this Issue). Any Equity Shares allotted to Market Maker under this Issue over and above 2,06,000 Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduce to 24% of Issue Size, the Market Maker will resume providing 2-way quotes.

There shall be no exemption / threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, BSE may intimate the same to SEBI after due verification.

Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.

There would not be more than 5 (Five) Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.

The shares of the company will be traded in continuous trading session from the time and day the company gets listed on SME Platform of BSE and market maker will remain present as per the guidelines mentioned under BSE and SEBI circulars.

The Market maker may also be present in the opening call auction, but there is no obligation on him to do so.

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.

The Market Maker(s) shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

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

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

The price band shall be 20% and the market maker spread (difference between the sell and Market Maker to the Offer.) shall be within 10% or as intimated by Stock Exchange from time to time.

**Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to Rs. 250 Crore, the applicable price bands for the first day shall be:

In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.

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

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time

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

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



## CAPITAL STRUCTURE

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

(Rs. In lakh except share data)

Particulars		
	Aggregate nominal value	Aggregate value at Issue Price
<b>A. Authorized Share Capital</b>		
1,60,00,000 Equity Shares of face value Rs.10 each	1600.00	-
<b>B. Issued, Subscribed and Paid up Share Capital before the Issue</b>		
11,426,215 Equity Shares of face value Rs.10 each	1142.62	-
<b>C. Present Issue in terms of Prospectus*</b>		
Public Issue of 40,86,000 Equity Shares of Rs.10 each at a premium of Rs. 55 per Equity Share	408.60	2655.90
<i>Which comprises</i>		
(a) <b>Reservation for Market Maker - 206,000</b> Equity Shares of Rs. 10 each reserved as Market Maker Portion at a premium of Rs.55 per Equity Share	20.60	133.90
(b) <b>Net Issue to Public - 38,80,000</b> Equity Shares of Rs.10 each at a premium of Rs.55 per Equity Share	388.00	2522.00
<i>Of which</i>		
19,40,000 Equity Shares of Rs.10 each at a premium of Rs.55per Equity Share shall be available for allocation to Investors applying for a value of upto Rs.2 Lakhs	194.00	1261.00
19,40,000 Equity Shares of Rs.10 each at a premium of Rs. 55 per Equity Share shall be available for allocation to other Investors applying for a value above Rs.2.00 Lakhs	194.00	1261.00
<b>D. Issued, Subscribed and Paid up Share Capital after the Issue</b>		
1,55,12,215 Equity Shares of face value of Rs. 10 each	1551.22	-
<b>E. Securities Premium Account</b>		
Before the Issue	1426.16	
After the Issue	3673.46	

\* The Issue has been authorized pursuant to a resolution of our Board dated January 05, 2018, and by Special Resolution passed under Section 62 of the Companies Act, 2013 at the Extra - Ordinary General Meeting of the members held on January 08, 2018.

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

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

## NOTES TO THE CAPITAL STRUCTURE

## 1. History of changes in Authorized Share capital of our Company:-

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	TO		
Rs.25,00,000 consisting of 2,50,000 equity shares of Rs. 10 each			Incorporation
Rs.25,00,000 consisting of 2,50,000 equity shares of Rs. 10 each	Rs. 16,00,00,000 consisting of 1,60,00,000 equity shares of Rs. 10 each	November 17, 2017	EGM

## 2. Equity Share Capital History:

Date of Allotment	No. of shares	Face Value (in Rs.)	Issue Price (in Rs.)	Nature of Allotment	Nature of Consideration	Cumulative No of Shares	Cumulative Paid up Capital	Cumulative securities premium
February 27, 2002	10,000	10	10	Subscription to MOA <sup>i</sup>	Cash	10,000	1,00,000	-
April 08, 2002	40,000	10	10	Preferential Allotment <sup>ii</sup>	Cash	50,000	5,00,000	
October 14, 2008	35,500	10	200	Preferential Allotment <sup>iii</sup>	Cash	85,500	8,55,000	67,45,000
February 27, 2009	14,865	10	1500	Preferential Allotment <sup>iv</sup>	Cash	1,00,365	10,03,650	2,88,93,850
March 19, 2009	1,350	10	1500	Preferential Allotment <sup>v</sup>	Cash	1,01,715	10,17,150	3,09,05,350
April 01, 2013	100	10	1168	Preferential Allotment <sup>vi</sup>	Cash	1,01,815	10,18,150	3,10,21,150
March 31, 2014	85,400	10	1315	Preferential Allotment <sup>vii</sup>	Cash	1,87,215	18,72,150	14,24,68,150
February 28, 2017	100	10	1490	Private Placement <sup>viii</sup>	Cash	1,87,315	18,73,150	14,26,16,150
January 09, 2018	1,12,38,900	10	10	Bonus <sup>ix</sup>	Other than Cash	1,14,26,215	11,42,62,150	14,26,16,150

- i. Initial Subscribers to Memorandum of Association subscribed 10,000 Equity Shares of face value of Rs.10 each fully paid at par on February 27, 2002as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1	Adesh Seth	2,500
2	Renu Mehra	2,500
3	Renu Seth	2,500
4	Sudarshan Kumari Mehra	2,500
<b>Total</b>		<b>10,000</b>

- ii. Preferential Allotmentof 40,000 Equity Shares of face value of Rs.10 each fully paid at par on April 08, 2002 as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1	Renu Mehra	18,900
2	Sudarshan Kumari Mehra	20,500
3	Rajesh Mehra	100
4	Sunil Aggarwal	100
5	Shri Key Key Textile	100
6	B.K. Enterprise	100

7	O.S. Bedi	100
8	Sunil Trading Co.	100
<b>Total</b>		<b>40,000</b>

- iii. Preferential Allotment of 35,500 Equity Shares of face value of Rs.10 each fully paid at par on October 14, 2008 as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1	Renu Mehra	10,000
2	Sudarshan Kumari Mehra	250
3	Rajesh Mehra	12,000
4	Avnisha Mehra	2,375
5	Kalika Mehra	5,875
6	Rajesh Mehra HUF	5,000
<b>Total</b>		<b>35,500</b>

- iv. Preferential Allotment of 14,865 Equity Shares of face value of Rs. 10 each fully paid at premium of Rs. 1490 each on February 27, 2009 as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1	Gini & Jony Ltd	14,865
<b>Total</b>		<b>14,865</b>

- v. Preferential Allotment of 1350 Equity Shares of face value of Rs.10 each fully paid at premium of Rs. 1490 each on March 19, 2009 as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1	Gini & Jony Ltd	1,350
<b>Total</b>		<b>1,350</b>

- vi. Preferential Allotment of 100 Equity Shares of face value of Rs. 10 each fully paid at premium of Rs.1158 per share on April 01, 2013 as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1	Naresh Kumar Aggarwal	100
<b>Total</b>		<b>100</b>

- vii. Preferential Allotment of 85,400 Equity Shares of face value of Rs.10 each fully paid at premium of Rs.1305 per share on March 31, 2014 as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1.	Renu Mehra	37,000
2.	Sudershan Kumari Mehra	5,700
3.	Rajesh Mehra	35,000
4.	Rajesh Mehra HUF	7,700
<b>Total</b>		<b>85,400</b>

- viii. Private Placement of 100 Equity Shares of face value of Rs.10 each fully paid at premium of Rs.1480 per share on February 28, 2017 as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1.	Harish Mehta HUF	100
<b>Total</b>		<b>100</b>

- ix. Bonus issue of 1,12,38,900 Equity Shares of face value of Rs.10 each fully paid at par on January 09, 2018 as per the details given below:

Sr. No	Name of Person	No of Shares Allotted
1.	Renu Mehra	45,42,000
2.	Rajesh Mehra	56,28,900
3.	Rajesh Mehra HUF	10,50,000
4.	Naresh Kumar Aggarwal	5,400
5.	Harish Mehta HUF	6,000
6.	Rahul Aggarwal & Sons HUF	600
7.	Kalika Mehra	6,000
<b>Total</b>		<b>1,12,38,900</b>

3. We have not issued any Equity Shares for consideration other than cash except mentioned below:

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Reason of Allotment	Benefits accrued to the Company	Name of the Allotees	No of Shares Allotted
January 09, 2018	1,12,38,900	10	N.A.	Bonus Issue of Equity Shares in the ratio of 60:1 by way of capitalization of Reserve & Surplus of 1123.89 Lakhs	Expansion of the Capital	Renu Mehra	45,42,000
						Rajesh Mehra	56,28,900
						Kalika Mehra	6,000
						Rajesh Mehra HUF	10,50,000
						Naresh Kumar Aggarwal	5,400
						Rahul Aggarwal & Sons HUF	600
						Harish Mehta HUF	6,000

4. We have not issued any Equity Shares out of revaluation reserves or in terms of any scheme approved under Sections 230-233 of the Companies Act, 2013.
5. Except as disclosed below, no Equity Shares have been issued at price below Issue Price during the last one year:

Bonus allotment of 1,12,38,900 equity shares of face value of Rs. 10/- each in the ratio of 60:1 (i.e. 60 Bonus Equity Shares for every 1 Equity Share on January 09, 2018:

Name of Shareholder	No. of Equity Shares	Face value	Issue Price per Equity Share (in Rs.)	Reasons for Allotment
Renu Mehra	45,42,000	10/-	N.A.	Bonus Issue in ratio of 60:1 by capitalization of reserves pursuant to the resolution dated January 08, 2018
Rajesh Mehra	56,28,900	10/-		
Kalika Mehra	6,000	10/-		
Rajesh Mehra Huf	10,50,000	10/-		
Naresh Kumar Aggarwal	5,400	10/-		
Rahul Aggarwal & Sons HUF	600	10/-		
Harish Mehta HUF	6,000	10/-		

**6. Details of shareholding of our Promoters:-****Mrs. Renu Mehra**

Date of Allotment/ Transfer/ When made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue /Acquisition/ Transfer price (Rs.)*	Nature of Transactions	Pre-issue sharehold ing %	Post- issue sharehol ding %
February 27, 2002	2,500	10	10	Subscriber to MoA	0.02	0.02
April 08, 2002	18,900	10	10	Preferential Allotment	0.17	0.12
October 31, 2003	2,500	10	10	Acquired	0.02	0.02
October 14, 2008	10,000	10	200	Preferential Allotment	0.09	0.06
May 03, 2010	4,800	10	1500	Acquired	0.04	0.03
March 31, 2014	37,000	10	1315	Preferential Allotment	0.32	0.24
January 09, 2018	45,42,000	10	-	Bonus Issue	39.75	29.28
<b>Total</b>	<b>46,17,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40.41</b>	<b>29.77</b>

\*Cost of acquisition excludes stamp duty

**Mr. Rajesh Mehra**

Date of Allotment/ Transfer/ When made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/ Transfer price (Rs.)*	Nature of Transactions	Pre-issue sharehold ing %	Post- issue sharehol ding %
April 08, 2002	100	10	10	Preferential Allotment	0.00	0.00
October 14, 2008	12,000	10	200	Preferential Allotment	0.11	0.08
March 31, 2014	35,000	10	1315	Preferential Allotment	0.31	0.23
March 31, 2014	4,025	10	0	Gift	0.04	0.03
March 31, 2014	200	10	1168	Acquired	0.04	0.03

April 01, 2014	5,875	10	0	Gift	0.05	0.04
May 03, 2014	5,265	10	1500	Acquired	0.05	0.03
December 31, 2015	31,450	10	0	Transmission	0.28	0.20
November 20, 2017	(100)	10	0	Gift	0.00	0.00
January 09, 2018	56,28,900	10	0	Bonus Issue	49.26	36.29
<b>Total</b>	<b>57,22,715</b>		-	-	<b>50.08</b>	<b>36.29</b>

\*Cost of acquisition excludes stamp duty

#### Rajesh Mehra HUF

Date of Allotment/ Transfer/ When made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition/ Transfer price (Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %
October 14, 2008	5,000	10	200	Preferential Allotment	0.04	0.03
May 03, 2010	4,800	10	1500	Acquired	0.04	0.03
March 31, 2010	7,700	10	1315	Preferential Allotment	0.07	0.05
January 09, 2018	10,50,000	10	0	Bonus Issue	9.19	6.77
<b>Total</b>	<b>10,67,500</b>		-	-	<b>9.34</b>	<b>6.88</b>

Mr. Rajesh Mehra transfer 100 shares to Ms. Kalika Mehra on November 20, 2017 in order to fulfill the compliance of minimum number seven shareholders as required in case of public Company. Except this transactions no Equity Shares during the past six months have been purchased/(sold) by our Promoters, his relatives and associates, persons in Promoter Group or the Directors of the Company.

There are no financing arrangements whereby the Promoters, Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of the Issuer during the period of six months immediately preceding the date of filing this Prospectus with the Stock Exchange.

#### Details of Promoter's Contribution ("Promoters Contribution") locked in for three years:

Pursuant to Regulation 32 and 36 of SEBI (ICDR) Regulations, an aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as Promoters' Contribution and locked-in for a period of three years from the date of Allotment of Equity Shares in 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 granted consent to include such number of Equity Shares held by them as may constitute 20% of the post-issue Equity Share Capital of our Company as Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters' Contribution from the date of filing of this Prospectus until the commencement of the lock-in period specified above.



Date of Allotment / Transfer	Nature of Allotment/ Acquired/ Transfer	No. of Equity Shares	Face Value (Rs.)	Issue Price/Transfer Price(Rs.)	% of Pre-issue shareholding	% of Post-issue shareholding	Lock in period
Rajesh Mehra							
January 09, 2018	Bonus Issue	31,04,000	10	NA	27.17	20.01	3 years
<b>Grand Total</b>		<b>31,04,000</b>	<b>10</b>	<b>NA</b>	<b>27.17</b>	<b>20.01</b>	

We further confirm that the aforesaid minimum Promoters' Contribution of 20% which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets.
- Equity Shares acquired during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue (Except those acquired through Bonus Issue for non cash consideration). The Equity Shares held by the Promoters and offered for minimum Promoters' Contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoters' Contribution subject to lock-in.

The minimum promoter's contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations. The Promoters' contribution constituting 20.01% of the post issue capital shall be locked-in for a period of three years from the date of allotment of the Equity Shares in the Issue.

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

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

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

In addition to minimum Promoters contribution which is locked in for three years, as specified above, in accordance with Regulation 36(b) and 37 of SEBI (ICDR) Regulations, the entire pre-issue share capital of our Company shall be locked in for a period of one year from the date of Allotment of Equity Shares in this Issue.

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

### **Other requirements in respect of lock-in**

In terms of Regulation 39 of the SEBI (ICDR) Regulations, locked-in Equity Shares for one (1) year held by our Promoters may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. Equity Shares locked-in as Promoters' contribution can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

In terms of Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by persons other than our Promoters prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("Takeover Regulations") and such transferee shall not be eligible to transfer them until the lock-in period stipulated in the SEBI (ICDR) Regulations has expired.

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

We further confirm that our Promoters Contribution of 20.01% of the Post-Issue Equity Share capital does not include any contribution from Alternative Investment Fund.

## Shareholding Pattern

The table below represents the shareholding pattern of our Company as on the date of this Prospectus:

### Shareholding pattern of our Company

Category (I)	Category of shareholder (II)	Nos. of shareh olders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares under lying Depos itory Recei pts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Sharehol ding as a % of total no. of shares (calculate d as per SCRR, 1957) As a % of (A+B+C2 )	Number of Voting Rights held in each class of securities (IX)		No. of Shares Underlyin g Outstandi ng convertibl e securities (including Warrants) (X)	Shareholdin g , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)  (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbere d (XIII)		Number of equity shares held in dematerializ ed form (XIV)
								No of Voting Rights	Total as a % of (A+B+C)			No . (a)	As a % of total Shares held (b)	No . (a)	As a % of total Share s held (b)	
								Class – Equity Shares								
(A)	Promoter & Promoter Group	4	1,14,14,015	-	-	1,14,14,015	99.89	1,14,14,015	99.89	-	99.89	-	-	-	-	1,14,14,015
(B)	Public	3	12,200	-	-	12200	0.11	12200	0.11	-	0.11	-	-	-	-	12,200
(C )	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C 1)	Shares underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares under lying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculate d as per SCRR, 1957) (VIII) As a % of (A+B+C2 )	Number of Voting Rights held in each class of securities (IX)		No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital)  (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights	Total as a % of (A+B+C)			No . (a)	As a % of total Shares held (b)	No . (a)	As a % of total Share s held (b)	
								Class – Equity Shares								
	DRs															
(C 2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	7	1,14,26,215			1,14,26,215	100	1,14,26,215	100	-	100	-	-	-	-	1,14,26,215

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 Equity Shares. The shareholding pattern will be uploaded on the website of BSE before commencement of trading of such Equity Shares.

- We have entered into tripartite agreement with both depositories.
- In terms of SEBI circular bearing no. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearings no. SEBI/Cir/ISD/05/2011 dated September 30, 2011, our Company shall ensure that the Equity Shares held by the Promoters and Promoter Group shall be in dematerialized prior to the filing of Prospectus with the RoC.

**Shareholding of our Promoters and Promoter Group**

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

Sr. No	Name of the Shareholder	Pre – Issue		Post – Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Post-Issue Capital
<b>A</b>	<b>Promoters</b>				
	Renu Mehra	46,17,700	40.41	46,17,700	29.77
	Rajesh Mehra	57,22,715	50.08	57,22,715	36.89
	Rajesh Mehra HUF	10,67,500	9.34	10,67,500	6.88
<b>Sub Total (A)</b>		<b>1,14,07,915</b>	<b>99.83</b>	<b>1,14,07,915</b>	<b>73.54</b>
<b>B</b>	<b>Promoter Group</b>				
	Kalika Mehra	6,100	0.05	6,100	0.04
	Again lifestyle Pvt. Ltd.	-	-	-	-
<b>Sub Total (B)</b>		6,100	0.05	6,100	0.04
<b>Grand Total (A+B)</b>		<b>1,14,14,015</b>	<b>99.89</b>	<b>1,14,14,015</b>	<b>73.58</b>

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

Name of the Promoter	No. of Shares held	Average cost of Acquisition (in Rs.)
Renu Mehra	46,17,700	12.58
Rajesh Mehra	57,22,715	9.88
Rajesh Mehra HUF	10,67,500	17.17

As certified by our Statutory Auditors vide their certificate dated January 20, 2018

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

Particulars	Number of Equity Shares	Percentage holding (%)
Mr. Rajesh Mehra	57,22,715	50.08
Ms. Renu Mehra	46,17,700	40.41
<b>Total</b>	<b>1,03,40,415</b>	<b>90.49</b>

**Equity Shares held by top ten shareholders**

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

Sr. No.	Name of shareholder*	No. of Shares	% age of pre-Issue capital
1	Rajesh Mehra	57,22,715	50.08
2	Renu Mehra	46,17,700	40.41
3	Rajesh Mehra HUF	10,67,500	9.34
4	Kalika Mehra	6,100	0.05
5	Naresh Kumar Aggarwal	5,490	0.05
6	Rahul Aggarwal & Sons	610	0.01

	HUF		
7	Harish Mehta HUF	6,100	0.05
<b>Total</b>		<b>1,14,26,215</b>	<b>100.00</b>

*\*Our Company has 7 shareholders as on date of this Prospectus*

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

Sr. No.	Name of shareholder*	No. of shares	% age of pre-Issue capital
1	Renu Mehra	46,17,700	40.41
2	Rajesh Mehra	57,22,715	50.08
3	Rajesh Mehra HUF	10,67,500	9.34
4	Kalika Mehra	6,100	0.05
5	Naresh Kumar Aggarwal	5,490	0.05
6	Rahul Aggarwal & Sons HUF	610	0.01
7	Harish Mehta HUF	6,100	0.05
<b>Total</b>		<b>1,14,26,215</b>	<b>100.00</b>

*\*Our Company had 7 shareholders ten days prior to the date of this Prospectus.*

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

Sr. No.	Name of shareholder*	No. of Shares	% age of then existing capital
1	Renu Mehra	75,700	40.43
2	Rajesh Mehra	93,915	50.16
3	Rajesh Mehra HUF	17,500	9.35
4	Naresh Kumar Aggarwal	100	0.05
<b>Total</b>		<b>1,87,215</b>	<b>100.00</b>

*\*Our Company had 4 shareholders two years prior to the date of this Prospectus.*

There is no "Buyback", "Standby", or similar arrangement for the purchase of Equity Shares by our Company/Promoters/Directors/Lead Manager for purchase of Equity Shares offered through this Prospectus.

The Equity Shares, which are subject to lock-in, shall carry the inscription "non-transferable" along with the duration of specified non-transferable period mentioned in the face of the security certificate.

The entire pre-Issue Equity Shares are in dematerialised form which shall be locked-in by the respective Depositories. The details of lock-in shall also be provided to the Stock Exchange before the listing of the Equity Shares.

As on the date of this Prospectus, none of the shares held by our Promoters/ Promoter Group are pledged with any financial institutions or banks or any third party as security for repayment of loans.

We have not raised any bridge loans against the proceeds of the Issue. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in heading on "Basis of Allotment" under the chapter titled "Issue Procedure" beginning on page 233 of this Prospectus.

The Equity Shares issued pursuant to this Issue shall be made fully paid-up.

In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 43(4) of SEBI (ICDR) Regulations, as amended from time to time.

Under subscription, if any, in any category, shall be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the Lead Manager and SME Platform of BSE.

An over-subscription to the extent of 10% of the offer to the public can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot. Consequently, the actual allotment may go up by a maximum of 10% of the offer to the public, 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 to ensure that 20% of the post issue paid-up capital is locked-in.

The Issue is being made through Fixed Price Method.

As on date of filing of this Prospectus with Stock Exchange, the entire issued share capital of our Company is fully paid-up.

On the date of filing this Prospectus with Stock Exchange, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.

Our Company has not issued any Equity Shares out of revaluation reserves and not issued any bonus shares out of capitalization of revaluation reserves.

No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services, or otherwise, to any Applicant.

Lead Manager to the Issue viz. Ajcon Global Services Ltd and its associates do not hold any Equity Shares of our Company.

Our Company has not revalued its assets since incorporation.

Our Company has not made any public issue of any kind or class of securities since its incorporation.

There will be only one denomination of the Equity Shares of our Company unless otherwise permitted by law. We shall comply with such disclosure, and accounting norms as may be specified by SEBI from time to time.

There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of this Prospectus with Stock Exchange until the Equity Shares to be issued pursuant to the Issue have been listed.

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 opening of the Issue 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.

Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP/ESPS scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines, 1999.



An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.

## SECTION IV: PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

Our Company proposes to utilize the funds which are being raised towards funding the following objects and achieve the benefits of listing on the SME platform of BSE.

The objects of the Issue are:-

1. To meet the incremental working capital requirements;
2. To meet the Issue Expenses.
3. For general corporate purposes

We believe that listing will enhance our Company's corporate image, brand name and create a public market for our Equity Shares in India. The main objects clause of our Memorandum enables us to undertake the activities for which funds are being raised in this Issue. The existing activities of our Company are within the objects clause of our Memorandum. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

### Fund Requirements

The fund requirement and deployment is based on internal management and our Company's current business plan and is subject to change in the light of changes in external circumstances or costs, other financial conditions and business strategy. Our funding requirements are dependent on a number of factors which may not be in the control of our management, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and / or revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure.

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

Sr. No.	Particulars	Amount (₹ in Lakh)
1.	Incremental Working Capital Requirement	2355.90
2.	Issue Expenses*	150.00
3.	General Corporate purposes	150.00
	<b>Gross Issue Proceeds</b>	<b>2655.90</b>
	Less: Issue Expenses	150.00
	<b>Net Issue Proceeds</b>	<b>2505.90</b>

*\*As on January 20, 2018, our Company has incurred Rs.7.00 lakhs towards Issue Expenses which has been certified by Statutory Auditors of our Company, M/s. Kapoor Rajesh & Associates, Chartered Accountants vide their certificate dated January 22, 2018.*

### Means of Finance

We intend to finance our Objects of Issue through proceeds of the Issue.

**Since the entire requirements of the objects detailed above are intended to be funded from the Proceeds of the Issue, there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Issue.**

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

We may have to revise our estimated costs, fund allocation and fund requirements owing to factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular object at the discretion of our management. In the event

that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

Our historical business pattern may not be reflective of our future business plans. We may have to revise our estimated costs and fund requirements owing to factors such as economic and business conditions, increased competition and other external factors which may not be within the control of our management. In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through Internal Accruals and/or debts and in such case the Funds raised shall be utilized towards repayment of such debts or recouping of Internal Accruals.

While we intend to utilise the proceeds of the Issue in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting brand building and future growth requirements. In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. In the event of any shortfall in the Net Proceeds, we will bridge the fund requirements from internal accruals and/or debt/equity financing.

#### **Details of Utilization of Issue Proceeds**

##### **Working Capital Requirement**

Our business is working capital intensive. Considering the existing and future growth, ₹2355.90 Lakh is proposed out of the issue proceeds to meet the working capital requirement. Inventory, debtors, advances, creditors have been taken at various levels, which is in consonance with the industry practices and past trends. The estimates of working capital requirement are based on the management's internal estimates which are as follows:

<b>Particulars</b>	<b>Restated (Audited) As on 31-12- 2016</b>	<b>Restated (Audited) As on 31-12- 2017</b>	<b>Estimated 2017-18</b>	<b>Estimated 2018-19</b>
<b><i>Current Assets</i></b>				
Inventory	4238.57	3719.35	4645.03	5318.02
Trade Receivables	2150.16	2879.51	3303.94	3482.9
Cash and Cash Equivalents	301.7	304.15	535.65	179.92
Short term loans and advances & other current assets			0	0
<b>Total (A)</b>	<b>6690.43</b>	<b>6903.01</b>	<b>8484.62</b>	<b>8980.84</b>
<b><i>Current Liabilities</i></b>				
Trade Payables	1044.85	646.45	400.00	500.00
Short Term Provisions				
Other Current Liabilities	193.55		191.8	220.57
<b>Total (B)</b>	<b>1238.40</b>	<b>646.45</b>	<b>591.80</b>	<b>720.57</b>
<b><i>Net Working Capital (A)-(B)</i></b>	<b><i>5452.03</i></b>	<b><i>6256.56</i></b>	<b><i>7892.82</i></b>	<b><i>8260.27</i></b>
<b><i>Incremental Working Capital</i></b>	<b><i>5452.03</i></b>	<b><i>6256.56</i></b>	<b><i>7892.82</i></b>	<b><i>8260.27</i></b>
<b><i>Sources Of Working Capital</i></b>				
Bank Loan				<b>3844.00</b>
Internal sources				<b>2060.38</b>
Net IPO Proceeds				<b>2355.89</b>

### **Basis of Estimation**

The incremental long term working capital requirements are based on historical Company data and estimation of the future requirements in Fiscal Year 2018-19 and 2019-20 considering the growth in activities of our Company and in line with accepted industry norms.

The Company is in business of manufacturing and distribution of garments, as an integrated apparel manufacturer with the comprehensive capability to design and manufacture high quality readymade garments with a competitive price. The Company can produce various kinds of garments in various styles across three categories which include flat knit sweaters, outerwear jackets, circular knit t-shirts, sweatshirts, joggers for both men, women, kids and babywear. It is presently manufacturing and distributing these garments for outside brands and also at the same time products under its own brand. Considering the above business model the working capital requirement is calculated based on availability of opportunity and the capability of the company to arrange working capital. The holding period of inventory and the blocking period of receivables as well as the credit available from suppliers varies from case to case and season to season and hence no fixed standard for each working capital asset is applicable in this type of business.

**Issue Related Expenses**

The expenses for this Issue include issue management fees, underwriting fees, registrar fees, legal advisor fees, market making 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 approximately ₹150 Lakhs. The break-up of the same is as follows:

Expenses	Expenses (₹in Lakh)	Expenses (% of total Issue expenses)	Expenses (% of Issue size)
Payment to Merchant Banker including underwriting, brokerage and selling commission and payment to other intermediaries such as Legal Advisor, Registrar, Market Maker, Bankers, issue advertisers, issue printers, etc. and other out of pocket expenses	147.25	98.17%	5.55%
Regulatory fees and other expenses	2.75	1.83%	0.10%
<b>Total estimated Issue expenses</b>	<b>150.00</b>	<b>100.00%</b>	<b>5.65%</b>

**Bridge Financing**

We have not entered into any bridge finance arrangements that will be repaid from the Net Proceeds of the Issue. However, we may draw down such amounts, as may be required, from an overdraft arrangement / cash credit facility with our lenders, to finance additional working capital needs until the completion of the Issue.

**Schedule of Implementation and Deployment of Funds**

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

(Rs.in Lakh)

Particulars	Total Funds required	Deployment during FY 2017-18 & 2018-19
Working Capital Requirement	2355.90	2355.90
General Corporate Purposes	150.00	150.00
<b>Total</b>		<b>2505.90</b>

**Funds Deployed and Source of Funds Deployed**

M/s. Kapoor Rajesh & Associates, Chartered Accountants have *vide* certificate dated January 22, 2018, confirmed that as on January 20, 2018 following funds were deployed for the proposed Objects of the Issue out of the Company's internal accruals:

(Rs.in Lakh)

Particulars	Amount
Issue Expenses	7.00
<b>Total</b>	<b>7.00</b>

**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.

### **Interim Use of Funds**

Since the major part of the proceeds, net of issue expenses is for working capital requirement of the Company, the entire net proceeds shall be deposited with Company's banker which is a scheduled commercial bank included in the Second Schedule of the Reserve Bank of India Act, 1934. Our Company confirms that, pending utilization of the Net Proceeds, it shall not use the Net Proceeds for any investment in any other equity or equity linked securities or for buying, trading or otherwise dealing in shares of any listed company.

### **Monitoring Utilisation of Funds**

As the Issue size is less than ₹10,000 Lakh, under the SEBI (ICDR) Regulations it is not mandatory for us to appoint a monitoring agency.

Our Board and the management will monitor the utilization of the Net Proceeds through its Audit Committee. Pursuant to the Regulation 32 of SEBI Listing Regulations, 2015, our Company shall on half-yearly basis disclose to the Audit Committee the applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Further, in accordance with SEBI Listing Regulations, 2015, our Company shall furnish to the Stock Exchanges on a half yearly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Prospectus.

### **Variation in Objects**

In accordance with Section 27 of the Companies Act 2013, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Issue at the fair market value of the Equity Shares as on the date of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Prospectus, in accordance with such terms and conditions as may be specified on this behalf by the SEBI.

### **Other Confirmations**

Other than as disclosed above, no part of the Issue Proceeds will be paid by our Company as consideration to our Promoters, members of the Promoter Group, our Directors, Key Management Personnel or Group Entities except as may be required in the normal course of business. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with Promoters, Directors, key management personnel, associates or Group Entities in relation to the utilization of the Net Proceeds of the Issue.

## BASIC TERMS OF THE ISSUE

### Terms of the Issue

The Equity Shares, now being offered, are subject to the terms and conditions of this Prospectus, the Application Form, the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, the Depositories Act, BSE, RBI, RoC and / or other authorities as in force on the date of the Issue and to the extent applicable.

In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

### Authority for the Issue

The present Issue has been authorized pursuant to a resolution of our Board dated January 05, 2018 and by Special Resolution dated January 08, 2018, passed under Section 62(1)(C) of the Companies Act, 2013 at an Extra Ordinary General Meeting of our shareholders.

### Other details

<b>Face value</b>	Each Equity Share shall have the face value of ₹10 each.
<b>Issue Price</b>	Each Equity Share is being offered at a price of ₹65 each and is 6.5 time of the Face Value.
<b>Market Lot and Trading Lot</b>	The Market lot and Trading lot for the Equity Share is 2000 (Two Thousand) and the multiple of 2,000 subject to a minimum allotment of 2,000 Equity Shares to the successful applicants.
<b>Terms of Payment</b>	100% of the Issue price of ₹65 shall be payable on Application. For further details, please refer to the chapter titled “ <i>Issue Procedure</i> ” beginning on page 233 of this Prospectus.
<b>Ranking of the Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank <i>pari-passu</i> in all respects including dividends with the existing Equity Shares of the Company.

### Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on Application is not received within a period of 30 days from the date of Issue of Prospectus, the application money has to be returned within such period as may be prescribed.

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



### **BASIS FOR ISSUE PRICE**

The Issue Price of Rs.65per Equity Share has been determined by our Company, in consultation with the Lead Manager on the basis of the following qualitative and quantitative factors. The face value of the Equity Share is Rs.10 and Issue Price is 6.5 time of the face value.

#### **Qualitative Factors**

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

- 1) The Company is a fully integrated Company for apparels and has one of the rarest business model in Industry to have all the verticals starting from design studio to development, state of art manufacturing facilities, large distribution network and also retail outlets.
- 2) The key customer base of the Company includes Levi Strauss (India) Pvt. Ltd., U.S Polo, Arrow, Izod, United Colours of Benetton, Numero Uno, Basics, Aero staple, Elle, Iconic, Pepe Jeans, Impulse buying house and other reputed international brands. The Company is also a distributor for international brands such as Levis, Celios, Arvind owned licensee brands Ed Hardy, Flying Machine. The established brands add immense strength to the continuous flow of orders to the Company and its creditability in all aspects.
- 3) The Company is one of the key manufacturers and distributors of winter wear and summer wear products of Levi's where the price tickets carrying the Logo of goods contains 'Marketed by Levi's India Pvt.Ltd. & manufactured by Active Clothing Co. Ltd.
- 4) The Company has best of state of the art technology, with knitting machines procured from renowned German supplier - "STOLL", leading Japanese supplier ShimaSeiki, Juki. Hence, they command an edge over peers in terms of efficiency in cost of production, controlled quality and larger quantity.
- 5) The promoters have a vast experience in the field of this business, seasoned management team and work force of about 1000 employees.
- 6) Strong customer base in all the different verticals of manufacture and distribution and have no dependency on a particular customer.
- 7) It has launched its own fashion brand of sweaters and jackets "Aagain" to leverage on its production capacity and reduce complete dependence on external orders from clients.
- 8) It also has multibrand outlet at Bathinda, having distribution brands Flying Machine, Levis, Celio, Ed hardy, Again etc. Also operates exclusive store at MBD mall, Ludhiana.
- 9) The Company received service recognition award from Levi's in recognition of 14 years of service provided to Levis.

For further details, refer to heading '*Our Competitive Strengths*' under chapter titled '*Our Business*' beginning on page 99 of this Prospectus.

## Quantitative Factors

The information presented below relating to our Company is based on the restated financial statements of our Company prepared in accordance with Indian GAAP and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

### 1. Basic and Diluted Earnings per Share (EPS), as per Accounting Standard 20

Year ended	Basic and Diluted EPS (₹)	Weight
March 31, 2017	1.62	3
March 31, 2016	1.34	2
March 31, 2015	1.35	1
<b>Weighted Average</b>	<b>1.47</b>	
<b>For the period ended 31<sup>st</sup> December, 2017 (9 months)</b>	<b>1.64</b>	

#### Notes:

- The earnings per share has been calculated by dividing the net profit as restated, attributable to equity shareholders by restated weighted average number of Equity Shares outstanding during the period.
- Restated weighted average number of equity shares has been computed as per AS 20 according to which the weighted average number of equity shares outstanding during the period and for all periods presented should be adjusted for events other than the conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in the resources, which in our case is the issue of bonus share on January 9<sup>th</sup>, 2018.. The face value of each Equity Share is Rs. 10/-.
- The Company has allotted 1,12,38,900 equity shares as Bonus shares on 9<sup>th</sup> January, 2018 taking the pre-issue capital from Rs. 18.73 lakhs as on 31<sup>st</sup> December, 2017 to Rs. 11.43 crores.

### 2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹65 per Equity Share of Rs. 10 each.

Particulars	P/E Ratio
P/E ratio based on EPS for FY 2016-17	40.12
P/E ratio based on Weighted Average EPS	39.63
<b>*Industry P/E</b>	<b>67.51</b>

### 3. Return on Net worth (RoNW)

Return on Net Worth ("RoNW") as per restated financial statements:

Fiscal Year ended	RoNW (%)	Weight
March 31, 2017	6.29	3
March 31, 2016	5.54	2
March 31, 2015	5.93	1
<b>Weighted Average</b>	<b>5.98</b>	

#### Note:

The RoNW has been computed by dividing net profit/(loss) after tax, as restated, by Net Worth as restated as at year or period end.

### 4. Minimum Return on Increased Net Worth post Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2017 (based on Restated Financials) at the Issue price of Rs. 65 is 4.49%.

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

Particulars	Amount (₹)
Net asset value per equity share as at March 31, 2015	22.76
Net asset value per equity share as at March 31, 2016	24.17
Net asset value per equity share as at March 31, 2017	25.81
Net asset value per equity share as at December 31, 2017	27.22
Issue Price	<b>65</b>
Net Asset Value per equity share after the issue	50.47*

**Note:**

- 1) NAV per equity share has been calculated as net worth, as restated, as divided by number of equity shares as at end of the year or end of the period as calculated on the capital as per AS-20.
- 2) As on March 31, 2017 the Company's paid-up equity capital consists of 1,87,315 number of fully paid up equity shares of face value Rs. 10/- each. Our Company had allotted 1,12,38,900 bonus shares on January 09, 2018 in the ratio of 60:1.

## 6. Comparison with listed industry peers

Particulars	EPS 31.03.2017 (Rs.)	PE Ratio	RONW (%)	NAV (Rs.)	Face Value
Active Clothing Co Ltd.	1.62	40.12	6.29	25.81	10.00
<b>Peers</b>					
Cantabil Retail India Ltd.	2.99	39.83	5.92	50.44	10.00
Monte Carlo Fashions Ltd.	19.47	31.27	8.66	224.78	10.00
Page Industries Ltd.	237.39	103.75	39.77	596.90	10.00
Ashapura Intimates Fashion Ltd.	10.43	43.44	13.53	77.06	10.00
Industry Average (High & Low)		67.51			

As on March 31, 2017 the Company's paid-up equity capital consists of 1,87,315 number of fully paid up equity shares of face value Rs. 10/- each. Our Company had allotted 1,12,38,900 bonus shares on January 09, 2018 in the ratio of 60:1.

The Issue Price of Rs. 65 per Equity Share has been determined by our Company in consultation with the LM. Our Company and the LM believe that the Issue Price of Rs 65 is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with the section titled "Risk Factors" and chapter titled "Our Business" beginning on page 14 and 99 respectively of this Prospectus and the financials of our Company including profitability and return ratios, as set out in the section titled "Financial Information" beginning on page 151 of this Prospectus for a more informed view.

The Issue Price of Rs 65 per Equity Share is 6.5 time of the Face Value of Rs 10 per Equity Share.

## STATEMENT OF POSSIBLE TAX BENEFITS

**The Board of Directors,  
Active Clothing Co. Ltd.**

*Previously known as Active Clothing Co. Private Limited*  
(CIN No.:U51311PB2002PLC033422)

Dear Sirs,

***Sub: Statement of Possible Tax Benefits available to Active Clothing Co Ltd. (“the Company”) and its shareholders in connection with the Initial Public Offering (IPO) by the Company***

We hereby report that the enclosed Annexure prepared by the Company, states the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 (‘the IT Act’) as amended by the Finance Act, 2017 (i.e. applicable for financial year 2017-18, relevant to the assessment year 2018-19) presently in force in India as on the signing date.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company may or may not choose to fulfill.

The preparation of the Statement and its contents is the responsibility of the Management. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the offer of sale.

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

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

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations.

Our views expressed herein are based on the facts and assumptions indicated to us. 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 change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

The enclosed annexure is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Kapoor Rajesh & Associates**  
Chartered Accountants  
Firm Registration No.: 015350N

**Deepak Bhatt**  
Partner  
Membership No.: 532529

Place: Ludhiana  
Date: 22.01.2018

**ANNEXURE A: Statement of possible tax benefits available to Active Clothing Co Limited and potential shareholders.**

**BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT:**

1. The Company will be entitled to amortize preliminary expenditure, being expenditure incurred on public issue of shares, under section 35D of the Act, subject to the limit specified in section 35D(3). The deduction is allowable for an amount equal to one-fifth of such expenditure.
2. Under section 32 of the Act, the deduction for depreciation will be available at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patents, trademarks, copy rights, know how, licenses, franchise or any other business or commercial rights of similar nature.
3. Income earned by the Company by way of dividend referred to in Section 115-O of the Income Tax Act, 1961 received from domestic companies is exempt from tax under section 10(34) of the Act. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

Finance Act, 2013 has amended Section 115-O with a view to remove the cascading effect in respect of dividends received by a domestic company from a similarly placed foreign subsidiary. Accordingly, where tax on dividend received from the foreign company is payable under Section 115BBD by the holding domestic company then, any dividend distributed by the holding company in the same year, to the extent of such dividend shall not be subject to dividend distribution tax under Section 115-O of the Act.

4. Any income received by the Company from distribution made by any mutual fund specified under section 10(23D) of the Act or from the administrator of the specified undertaking or from the administrator of specified company referred to in Section 10(35) of the Act, is exempt from tax in the hands of the Company under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.
5. Section 115BBD of Income-tax Act provides for taxation of gross dividends received by an Indian company from a specified foreign company (in which it has shareholding of 26% or more) at the rate of 15% if such dividend is included in the total income.
6. As per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, and is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/ redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.
7. Income by way of interest, premium on redemption or other payment on notified securities, bonds, certificates issued by the Central Government is exempt from tax under section 10(15) of the Act in accordance with and subject to the conditions and limits as may be specified in notifications.
8. Long-term capital gain on sale of equity shares or units of an equity oriented mutual fund will be exempt from tax under section 10(38) of the Act provided that the transaction of such sale is chargeable to Securities Transaction Tax ("STT"). However, when the company is liable to tax on book profits under section 115JB of the Act, the said income is required to be included in book profits and taken into account in computing the book profit tax payable under section 115JB.
9. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed index factor, resulting into reduced taxable income.

10. In accordance with the provisions of section 112 of the Act, long-term capital gains on transfer of capital assets other than bonds or debentures (excluding capital indexed bonds issued by the Government), transfer of which is not subject to STT, is chargeable to tax at the rate of 20% plus applicable surcharge, education cess and secondary & higher education cess ('Education Cess').

However, where tax on long term capital gains arising on sale of listed securities or unit of mutual fund specified in section 10(23D) of the Act or zero coupon bond, calculated at the rate of 20% with cost indexation benefit exceeds the tax calculated at the rate of 10% without cost indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and Education Cess).

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains arising from the transfer of any long-term capital asset shall not be taxable, provided that the Company has at any time within a period of six months after the date of such transfer, invested the whole of capital gains in any long-term specified asset.

However, if such long-term specified asset is transferred or converted into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier shall become chargeable to tax as long term capital gains in the year in which such long-term specified asset is transferred or converted into money. Section 54EC also provides that the investment made by an assessee in the long term specified asset, out of capital gains arising from the transfer of one or more original asset or assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year shall not exceed INR 5 million. Further, if only a portion of capital gains is so invested, then the exemption is available upto the amount invested in specified asset.

For the purpose of section 54EC, long term specified assets means any bond redeemable after three years and issued by:

- a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988; or
  - b) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
11. Under Section 111A of the Act, short-term capital gain on sale of equity shares or units of an equity oriented mutual fund shall be chargeable to tax at the rate of 15% (plus applicable surcharge and Education Cess) provided that transaction of such sale is chargeable to STT.
- Short-term capital gain arising on sale of equity shares or units of an equity oriented mutual fund where transaction is not chargeable to STT shall be chargeable to tax at the rate of 30% (plus applicable surcharge and Education Cess).
12. As per provisions of Section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
13. As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.
14. According to the provisions of section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ("MAT") paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Tax credit which can be carried forward is equal to the difference between MAT paid by the Company for one assessment year and tax computed as per normal provisions of the Act for that assessment year. MAT Tax credit, which can be allowed shall be the difference of the tax paid for any assessment year under Section 115JB(1) and the amount of tax payable as per normal provisions of the Act for that assessment year. MAT credit can be carried forward for the purpose of set off up to 10 years succeeding the year in which the MAT credit is allowable.



15. As per Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that section.
16. In case of loss under the head “Profit and Gains from Business or Profession” except loss from speculation business, it can be set-off against incomes of other head of sources except income under the head “Income from salary” and the excess remaining loss, if any, after set -off can be carried forward for set-off - against business income of the next eight Assessment Years.
17. Under section 32(2) of the Act, the unabsorbed depreciation arising due to absence/ insufficiency of profits or gains chargeable to tax can be carried forward. The amount is allowed to be carried forward and set off for the succeeding years until the amount is exhausted without any time limit.
18. As per the provisions of section 80G of the Act, the deduction will be available in respect of donations to various charitable institutions and funds covered under that section, subject to fulfillment of the conditions specified therein.
19. As per The Finance Act, 2013 a new section was introduced i.e. Section 115QA of the Act. As per the said section, a company will have to pay 20% tax on ‘distributed income’ on buy-back of shares (not being shares listed on recognized stock exchange). Distributed income has been defined to mean consideration paid by the said company for purchase of its own shares as reduced by the amount which was received by the Indian unlisted company at the time of issue of such shares.

#### **Benefits available to all Shareholders**

20. According to the provisions of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by a domestic company) received on shares of the Company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.
21. Shares of the Company held as Capital assets for a period of more than twelve months preceding the date of transfer will be treated as a long-term capital asset. Capital gains arising on transfer of long-term capital assets, being equity shares in a company, on which STT is paid, is exempt under section 10(38) of the Act whereas short-term capital gains arising from similar transaction shall be subject to tax under section 111A of the Act at the rate of 15% (plus applicable surcharge and Education Cess).
22. The benefit of exemption from tax under section 10(38) of the Act on long -term capital gains will not be available where no STT is paid. In such cases, long-term capital gains on sale or transfer of listed securities would be chargeable to tax (plus applicable surcharge and Education Cess) at lower of 20% (with cost indexation benefit) or at a concessional rate of 10% (without considering cost indexation benefit ) in accordance with the provisions of section 112 of the Act. In the computation of long term capital gains (which is not exempt from tax), as per the provisions of section 48, the actual cost of acquisition may be substituted by the indexed cost of acquisition i.e. the actual cost is scaled up by the prescribed Index factor, resulting into reduced taxable income.
23. The Finance Act, 2012 has amended the chapter of Securities Transaction Tax [Chapter VII of Finance Act (No 2) of 2004]. As per the amendment, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the said Chapter. Accordingly, STT is leviable on sale of shares under an offer for sale to the public in an initial public offer and the LTCG arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act.
24. As per the Finance Act, 2013, any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

25. As per section 54-EC of the Act, subject to the conditions specified therein, tax on capital gains arising from transfer of long-term capital asset shall not be taxable, provided that the Shareholder has at any time, within a period of six months from the date of transfer, invested the whole of capital gains in any specified long-term asset. However, if such long-term asset is transferred or converted into money within a period of three years from the date of its acquisition, amount of capital gains exempted earlier shall become chargeable to tax as long term capital gains in the year in which such long-term asset is transferred or converted into money. Section 54EC also provides that the investment made by an assessee in the long term specified asset, out of capital gains arising from the transfer of one or more original asset or assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year shall not exceed INR 5 million. Where the whole of capital gains is not invested in long term specified asset, then exemption is available upto the amount invested in specified asset.

For the purpose of section 54EC, long term specified assets referred to herein above means any bond redeemable after three years and issued by:

- a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988; or
  - b) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
26. According to the provisions of section 54-F of the Act and subject to the conditions specified therein, long-term capital gains arising to an individual or a Hindu Undivided Family (“HUF”) on transfer of shares of the company on which STT is not payable, shall not be chargeable to tax, provided that the net consideration is utilized for either of the following:
- a) Purchase of one residential house in India within a period of one year before or two years after the date of transfer of such long term capital assets; or
  - b) Construction of one residential house in India within a period of three years after the date of transfer of the long-term capital asset.

Such benefit will not be available if the individual-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

Further, if only a portion of the net consideration is so invested, then the exemption is available proportionately. However, if the residential house in which investment is made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

27. Under section 56(2)(vii) If an individual or HUF receives any property, which includes shares, without consideration, the aggregate fair market value of which exceeds Rs. 50,000, the whole of the fair market value of such property will be considered as income in the hands of the recipient. Similarly, if an individual or HUF receives any property, which includes shares, for consideration which is less than the fair market value of the property by an amount exceeding Rs. 50,000, the fair market value of such property as exceeds the consideration will be considered as income in the hands of the recipient.
28. As per the provision of Section 71(3), if there is a loss under the head “Capital Gains”, it cannot be set-off with the income under any other head. As per section 74 of the Act, short term capital loss suffered during the year is allowed to be set-off against short-term capital gains as well as long term capital gains of the same year. Balance loss, if any, can be carried forward for eight years for claiming set-off

against subsequent years' short term as well as long-term capital gains of subsequent years. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, can be carried forward and set –off against long-term capital gains only.

29. Under section 36(1)(xv) of the Act, STT paid by a shareholder in respect of taxable securities transactions entered into in the course of its business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

#### **Benefits available to Non - Resident Shareholders**

30. Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on the shares of the Company would be exempt from income tax in the hands of shareholders.
31. Under section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
32. The Finance Act, 2012 has amended the chapter of Securities Transaction Tax [Chapter VII of Finance Act (No 2) of 2004]. As per the amendment, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the said Chapter. Accordingly, STT (Securities Transaction Tax) is leviable on sale of shares under an offer for sale to the public in an initial public offer and the Long Term Capital Gains arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act.
33. As per section 54-EC of the Act, subject to the conditions specified therein, tax on capital gains arising from transfer of long-term capital asset shall not be taxable, provided that the Shareholder has at any time, within a period of six months from the date of transfer, invested the whole of capital gains in any specified long –term asset. However, if such long-term asset is transferred or converted into money within a period of three years from the date of its acquisition, amount of capital gains exempted earlier shall become chargeable to tax as long term capital gains in the year in which such long-term asset is transferred or converted into money. Section 54EC also provides that the investment made by an assessee in the long term specified asset, out of capital gains arising from the transfer of one or more original asset or assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year shall not exceed INR 5 million. Where the whole of capital gains is not invested in long term specified asset, then exemption is available upto the amount invested in specified asset.

For the purpose of section 54EC, long term specified assets referred to herein above means any bond redeemable after three years and issued by:

- a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
  - b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.
34. According to the provisions of section 54-F of the Act and subject to the conditions specified therein, long-term capital gains arising to an individual or a Hindu Undivided Family on transfer of shares of the company on which STT is not payable, shall not be chargeable to tax, provided that the net consideration is utilized for either of the following:
- a) Purchase of one residential house in India within a period of one year before or two years after the date of transfer of such long term capital assets; or
  - b) Construction of one residential house in India within a period of three years after the date of transfer of the long-term capital asset.

Such benefit will not be available if the individual

- a) owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- b) purchases another residential house within a period of one year after the date of transfer of the shares; or
- c) constructs another residential house within a period of three years after the date of transfer of the shares; and
- d) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

Further, if only a portion of the net consideration is so invested, then the exemption is available proportionately. However, if the residential house in which investment is made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

- 35. Any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.
- 36. Under section 111A of the Act and other relevant provisions of the Act, short -term capital gains arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.
- 37. Under section 112 of the Act and other relevant provisions of the Act, long term capital gains, (other than those exempt under section 10(38) of the Act) arising on transfer of shares in the Company, would be subject to tax at the rate of 20 percent (plus applicable surcharge, education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge, education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
- 38. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.  
As per provisions of section 90(4) of the Act, a non-resident, shall not be entitled to claim any relief under DTAA, unless a certificate of his being a resident in any country outside India or specified territory outside India, as the case may be has been obtained by him from the government of that country or specified territory. In other words, the non-resident tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate from the government of their country of residence.

In addition, as per the provisions of section 90(5) of the Act, a non-resident shall also provide prescribed documents.

- 39. Non-Resident Indian(“NRIs”) (as defined in Section 115C(e) of the Act) shareholders who have subscribed to shares in an Indian company in convertible foreign exchange, can exercise the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits:
  - a) As per the provisions of Section 115A of the Act, where the total income of a Non-resident (not being a company) or of a foreign company includes dividends (other than dividends referred to in Section 115O of the Act), tax payable on such income shall be aggregate of amount of income-tax calculated on the amount of income by way of dividends included in the total income, at the rate of 20 per cent (plus applicable surcharge and education cess).
  - b) In accordance with and subject to the provisions of section 115D read with section 115E of the Act, long term capital gains arising on transfer of shares in an Indian company acquired out of convertible foreign exchange, are taxable at the rate of 10% (plus applicable surcharge and education cess). Cost indexation benefit and deduction under Chapter VI -A, will not be available but with protection against foreign currency fluctuation under the first proviso to section 48 of the

Act. Further, income from investment or income from long term capital gains of an asset other than Specified Asset as defined in 115C(f) (which includes shares, debentures, deposits of an Indian company and other prescribed securities/ assets) will be chargeable to tax at the rate of 20%.

- c) In accordance with and subject to the provisions of section 115F of the Act, long term capital gains arising on sale of shares in an Indian company held by a NRI shareholder and purchased out of convertible foreign exchange shall not be chargeable to income tax, if the entire net consideration is invested for a period of three years in any savings certificates specified under section 10(4B) or specified assets as defined in section 115C(f) (which includes shares, debentures, deposits of an Indian company and other prescribed securities/ assets) of the Act. In case the whole of sales consideration is not invested in prescribed savings certificates or specified assets, proportionate capital gains would be liable to tax.

Such exemption is available provided investment in savings certificates/ specified assets are made within a period of six months from the date of transfer of shares. However, if such savings certificates or specified assets are transferred or converted (otherwise than by way of transfer) into money within three years from the date of acquisition, the amount so exempted will be chargeable to tax under the head 'Capital Gains' in the year when such assets/ certificates are transferred.

- d) As per section 115G of the Act, a NRI Shareholder would not be required to file a return of income under section 139(1) of the Act, where the total income consists only of investment income and/or long-term capital gains as defined under section 115C of the Act and tax deductible at source has been deducted from such income as per provisions of Chapter XVIIIB of the Act.
- e) According to the provisions of section 115H of the Act, where, a NRI shareholder in any previous year, becomes assessable as a resident in India in any subsequent assessment year, he may furnish a declaration in writing to the assessing officer, along with his return of income for that assessment year filed under section 139 of the Act, to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from specified assets for that year and subsequent assessment years until such assets are converted into money. However, this option is not available in respect of shares in an Indian company.
- f) As per the provision of section 115I of Act, an NRI Shareholder may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII –A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

#### **Benefits available to Foreign Institutional Investors ('FIIs')**

40. As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax. However The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend. The Finance Act 2015 has increased rate of surcharge to 12%. Further, w.e.f. 01.10.2014, dividend tax under Section 115-O and distribution tax under Section 115R will be payable on amount distributed (after Grossing up). For Grossing up purposes dividend tax under Section 115-O(1) and distribution tax under Section 115 R(2) will be considered (impact of surcharge and education cess will be ignored for Grossing up).
41. Capital gains arising in the hands of FIIs on sale of shares are governed by Section 115AD of the Act. According to the provisions of section 115AD of the Act, long-term capital gains arising on transfer of shares held by FIIs are taxable at the rate of 10% (plus applicable surcharge and education cess). Short term capital gains on transfer of shares are taxable at the rate of 15% (plus applicable surcharge and education cess) provided that the transaction is subject to levy of STT. In other cases, Short Term capital gains would be liable to tax at 30% (plus applicable surcharge and education cess). Cost

- indexation benefits are not available to FIIs. Further, the provisions of the first proviso of section 48 of the Act will not apply.
42. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to STT.
  43. In accordance with and subject to the provisions of section 115AD read with section 196D(2) of the Act, no deduction of tax at source is applicable on payment in respect of capital gains arising to a FII from the transfer of the equity shares in an Indian company.
  44. Under section 54EC of the Act, long term capital gain arising on the transfer of shares of the Company other than the sale referred to in section 10(38) of the Act is exempt from tax to the extent the same is invested in certain notified bonds within a period of six months from the date of such transfer (up to a maximum limit of Rs. 5 million) for a minimum period of three years.
  45. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
  46. In the case of all non-resident shareholders, the aforesaid tax rates are subject to the benefits, if any, available under the double taxation avoidance agreements signed by India with the country of which the non-resident shareholder may be a tax resident, subject to fulfillment of conditions prescribed there under.
  47. As per the Finance Act, 2013 any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders as per section 10(34A) of the Act.

#### **Benefits available to Mutual Funds**

48. Under section 10(23D) of the Act, exemption is available in respect of income (including capital gains arising on transfer of shares of the Company) of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or such other Mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India and subject to the conditions as the Central Government may specify by notification.

#### **Venture Capital Companies/ Funds**

49. In terms of section 10(23FB) of the I.T. Act, income of:-
  - a) Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
  - b) Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax.

Exemption available under the Act is subject to investment in a domestic company whose shares are not listed and which is engaged in certain 'specified' business/ industry.

According to Section 115U of the Act, any income accruing or arising to or received by a person from his investment in venture capital companies/ funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the Venture Capital Undertaking.

Further, as per Section 115U(5) of the Act, the income accruing or arising to or received by the Venture Capital Company/ Funds from investments made in a Venture Capital Undertaking if not paid or credited to a person (who has made investments in a Venture Capital Company/ Fund) shall be deemed



to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

**50. Gift Tax**

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax under the Gift Tax Act, 1958. However, as per Section 56(1)(vii)(c) of the Act, gift of shares to an individual or Hindu undivided family would be taxable in the hands of the donee as Income From Other Sources subject to the provisions of the Act.

**51. Tax Deduction at source**

No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (other than long-term capital gains exempt under section 10(38) of the IT Act), may be liable to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty. Accordingly, income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor.

**Notes:**

- All the above benefits are as per the provisions of the Income-tax Act, 1961, Income-tax Rules, circulars and notifications as amended by Finance Act, 2015 presently in force in India. They shall be available only to the sole/ first named holder in case the shares are held by the joint holders.
- In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (DTAA), if any, entered into between India and the country in which the non-resident has fiscal domicile. (Subject to furnishing of Tax Residency Certificate).
- In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the IPO.
- The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.



## SECTION V: ABOUT THE INDUSTRY AND THE COMPANY

### INDUSTRY OVERVIEW

#### Global Economy:

The global upswing in economic activity is strengthening. Global growth, which in 2016 was the weakest since the global financial crisis at 3.2 percent, is projected to rise to 3.6 percent in 2017 and to 3.7 percent in 2018. The growth forecasts for both 2017 and 2018 are 0.1 percentage point stronger compared with the April 2017 World Economic Outlook (WEO) forecast.

Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia—where growth outcomes in the first half of 2017 were better than expected—more than offset downward revisions for the United States and the United Kingdom. But the recovery is not complete: while the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies. Commodity exporters, especially of fuel, are particularly hard hit as their adjustment to a sharp step-down in foreign earnings continues. And while short-term risks are broadly balanced, medium-term risks are still tilted to the downside. The welcome cyclical pickup in global activity thus provides an ideal window of opportunity to tackle the key policy challenges—namely to boost potential output while ensuring its benefits are broadly shared, and to build resilience against downside risks. A renewed multilateral effort is also needed to tackle the common challenges of an integrated global economy.

Since the last meeting of the Monetary Policy Committee of Reserve Bank of India in October 2017, global economic activity has been gaining momentum through the final quarter of the year, driven mainly by advanced economies (AEs). US growth remained largely resilient to hurricanes and grew at the highest pace in the past three years in Q3 of 2017, with positive contributions from private consumption, investment activity and net exports. The unemployment rate fell to 4.1 per cent in October, the lowest in the last 17 years. In the Euro area, economic activity expanded, underpinned by accommodative monetary policy and strong job gains. The Japanese economy also continued to grow in Q3, largely supported by external demand, which helped compensate for the slowing of domestic consumption.

Among major emerging market economies (EMEs), the services sector remained the main driver of growth in China in Q3. However, weakness in real estate and construction activity remained a drag on growth. In Brazil, incoming data suggest that the recovery gained further momentum in Q3, with unemployment touching an intra-year low in September. Business and consumer confidence rose in October. Economic activity in Russia moderated in Q3 due to weakness in industrial production. The South African economy continued to face headwinds from weak manufacturing activity, elevated levels of unemployment and political instability.

The latest assessment by the World Trade Organisation (WTO) for Q4 indicates a loss of momentum in global trade due to declining export orders. Crude oil prices touched a two-and-a-half-year high in early November on account of the Organisation of the Petroleum Exporting Countries' (OPEC) efforts to rebalance the market. Bullion prices have been under some selling pressure on account of the rising US dollar. Weak non-oil commodity prices and subdued wage dynamics have kept inflation contained in many AEs, while the inflation scenario remains diverse in major EMEs.

Global financial markets have remained buoyant, reflecting the improving economic outlook and the gradual normalisation of monetary policy by the US Fed. Equity markets have gained on improved corporate earnings and anticipation of large tax cuts in the US. Although equity markets have made gains in EMEs in general, they faced risk aversion in some economies. While bond yields in most AEs have moved sideways in the absence of inflation pressures, they have risen across most EMEs on country-specific factors. In currency markets, the US dollar has gained, while the surge in the euro on positive economic data lost some momentum in November due to political uncertainty. Several emerging market currencies weakened due to domestic factors. Capital inflows to EMEs have been differentiating among countries, based on investor perceptions of risk-return trade-offs.

Source: (<https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017>, [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=42619](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=42619))

### **Global Textile & Apparel Industry Overview**

The Textile & Apparel trade was worth USD 773 billion, in 2013, and is expected to grow at a CAGR of 5% over the next decade. The growth of the apparel trade is expected to outpace that of the fabric trade. China dominates global Textile & Apparel exports with a 40% share of made-ups, 37% of apparel, and 39% of fabric. India, Bangladesh, Vietnam, Turkey, Pakistan, etc. are the other major Textile & Apparel exporters. The global fabric trade was worth USD 137 billion in 2013 while the global apparel trade was worth USD 428 billion. It is expected that the rate of growth of the trade in knit fabric and apparel will be higher than that for the woven counterparts. Asia is the leader in terms of the installed capacity of textile machinery; 86% of short-staple spindles, 45% of long-staple spindles, 55% of rotor spinning machines, 73% of shuttleless looms, and 85% of shuttle looms are installed in Asia alone. China, India, Pakistan, Indonesia, and Thailand are among the leaders in terms of this installed capacity. The US, EU-27 countries, and Japan remain the key apparel importers. However, the apparel imports of emerging countries like Russia, China, and India have registered some momentum in recent times. (Source: *Technopak's Textile & Apparel (T&A) Compendium 2015*).

China has started losing apparel manufacturing competitiveness in the global market owing to its increasing labor and energy cost. Additionally, the growing domestic market of China has forced many China based manufacturers to shift focus away from exports market to domestic market. Consequently, the share of China in global apparel exports, which was on an increasing trend in the previous decade, has lost pace in recent years. Bangladesh and Vietnam lack integrated value chains and depend on imports for raw material and intermediary products, especially for cotton based apparel manufacturing which is predominantly used in infant and toddler apparel. Bangladesh also faces sporadic issues of social unrest, violation of safe working norms which are expected to affect its future growth in apparel exports. Most of the global brands as a part of their global supply chain mission prefer working only with socially compliant partners. Inadequate infrastructure, limited energy supply and over-dependence on basic apparel are additional challenges for growth of apparel exports of Bangladesh.

India has the advantage of an abundant supply of cotton (second largest producer of cotton), Government support for apparel manufacturing and a strong reputation of meeting stringent quality, environmental and social norms of international buyers. India also has expertise in manufacturing of apparel with embroideries, trims, patchworks and appliques which are often used in children's wear, especially in girls wear. India has the capability to meet design and product development requirements of western market which makes the country a sourcing destination of choice for buyers and buying offices that prefer to outsource designs from suppliers. (Source: *ITC, UN Comtrade, Technopak Analysis*)

### **Overview of Indian Economy**

India's gross domestic product (GDP) grew by 6.3 per cent in July-September 2017 quarter as per the Central Statistics Organisation (CSO). The tax collection figures between April-June 2017 Quarter show an increase in Net Indirect taxes by 30.8 per cent and an increase in Net Direct Taxes by 24.79 per cent year-on-year, indicating a steady trend of healthy growth. India's foreign exchange reserves stood at US\$ 404.92 billion as on December 22, 2017, according to data from the RBI. The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2018-19 to overtake private consumption growth of 7.4 per cent, and thereby drive the growth in India's gross domestic product (GDP) in FY 2018-19. Indian merchandise exports in dollar terms registered a growth of 30.55 per cent year-on-year in November 2017 at US\$ 26.19 billion, according to the data from Ministry of Commerce & Industry. The Nikkei India manufacturing Purchasing Managers' Index increased at the fastest pace in December 2017 to reach 54.7, signaling a recovery in the economy.

The growth of real gross value added (GVA) accelerated sequentially in Q2 of 2017-18, after five consecutive quarters of deceleration. It was powered by a sharp acceleration in industrial activity. All the three sub-sectors of industry registered higher growth. GVA growth in the manufacturing sector – the key component of industry – accelerated sharply on improved demand and re-stocking post goods and services tax (GST) implementation.

The mining sector expanded in Q2 due to higher coal and natural gas production. GVA growth in the electricity, gas, water supply and other utility services sector also strengthened on higher demand. In contrast, growth in agriculture and allied activities slackened, reflecting the lower than expected kharif harvest. Activity in the services sector decelerated, mainly on account of slowdown in financial, insurance, real estate and professional services, and in public administration, defence and other services (PADO) following the large front-loading of government expenditure in Q1. Despite some improvement, construction sector growth remained tepid due to transitory effects of the RERA and GST implementation. Growth in the trade, hotels, transport and communication sub-group remained resilient, in spite of some slowdown in growth in Q2 as compared with the previous quarter. On the expenditure side, the growth of gross fixed capital formation improved for the second successive quarter. However, growth in private final consumption expenditure – the mainstay of aggregate demand – slowed to an eight-quarter low in Q2.

Looking beyond Q2, rabi sowing in Q3 has so far been marginally lagging behind the acreage sown during the comparable period of the previous year. Precipitation since October has remained at around 13 per cent below the long period average (LPA). Major reservoirs, the main source of irrigation during the rabi season, were at 64 per cent of the full reservoir level vis-a-vis 67 per cent in the previous year. On the positive side, pulses sowing increased significantly as compared with a year ago, partly reflecting the impact of lifting of the export ban for all varieties of pulses.

Available high-frequency indicators suggest a mixed picture of industrial activity for Q3. Core industries' growth was flat in October as all constituents barring steel and fertilisers slowed down sequentially. Coal mining, which revived strongly in Q2, slowed down too, while cement production contracted. In contrast, the Purchasing Managers' Index (PMI) for manufacturing, which fell in October, rebounded in November, driven by output and new orders. Also, according to the Reserve Bank's Industrial Outlook Survey (IOS), production is expected to pick up in Q3 as order books are rising.

Services sector activity has remained mixed in October. In the transportation sector, sales of commercial vehicles decelerated; those of passenger vehicles and two-wheeler turned into contraction mode. By contrast, domestic and international air passenger and freight traffic, and railway freight expanded robustly. The Reserve Bank's survey suggests that sentiments on service sector activity for Q3 are upbeat and auto sales have rebounded in November. On the other hand, PMI for services moved into contraction zone in November.

Retail inflation measured by year-on-year change in the consumer price index (CPI) recorded a seven-month high in October, driven by a sharp uptick in momentum, tempered partly by some favourable base effects. Food inflation was volatile in the last two months – declining sharply in September and bouncing back in October – due mainly to vegetables and fruits. Milk and eggs inflation has shown an uptick, while pulses inflation remained negative for the eleventh successive month in October. Cereal inflation remained stable. Fuel group inflation, which has been on an upward trajectory since July, accelerated further due to a sharp pick-up in inflation in liquefied petroleum gas (LPG), kerosene, coke and electricity.

CPI inflation excluding food and fuel, which increased from July to September, remained steady in October and increased in December 2017 quarter. The Wholesale Price Index (WPI)-based inflation eased to a three-month low of 3.58 per cent in December, down from 3.93 per cent the month before. Earlier, data from the Central Statistics Office showed Consumer Price Index (CPI)-based inflation had risen to a 17-month high of 5.21 per cent in December, up from 4.88 per cent in November. According to ICRA, the divergence in the sequential trend in CPI and WPI inflation in December was driven by food inflation and the impact of the higher housing inflation, limited to the CPI. The dip in inflation for primary food articles in the WPI for December might signal some correction in the CPI inflation for food items in the ongoing month. The decline in WPI was driven by primary articles (those not processed), which dropped to 3.86 per cent in December from 5.28 per cent in November. The category has a weight of 22.62 per cent in the index. Within this category, food inflation eased to 4.72 per cent in December, down from 6.06 per cent in November, led by cereals, vegetables, eggs, meat, and fish. While vegetable prices rose 56.46 per cent in December, those of pulses continued to

contract. Wholesale pulse prices contracted by 34.6 per cent in December, a sixth straight month of fall. Fuel and power inflation rose to 9.16 per cent in December, up from 8.82 per cent in November, suggesting that industry is likely to see a compression in margins. On the other hand, wholesale inflation in manufactured products remained at the same level as before (2.6 per cent). The category has a weight of 64.23 per cent in the index. However, in this category, wholesale prices of basic metals rose by 10.03 per cent, up from 9.9 per cent in November. Those of semi-finished steel went up 6.19 per cent, from 2.89 per cent in November.

Merchandise exports declined by 1.1 per cent in October 2017 after showing positive growth for 14 consecutive months. A sustained increase in exports of engineering goods, petroleum products and chemicals during the month was outweighed by a sharp fall in shipments of gems and jewellery, ready-made garments, and drugs and pharmaceuticals. Imports continued to expand, though at a modest pace. Although gold imports rose sequentially in October, they moderated from their level a year ago. Consequently, the trade deficit widened again in October. Despite moderation in September, net foreign direct investment in H1 of 2017-18 was at the same level as a year ago. With the announcement of the recapitalisation plan for public sector banks, foreign portfolio inflows into equities resumed sharply in October, after recording outflows in the preceding month. India's foreign exchange reserves were at US\$ 401.94 billion on November 30, 2017. (Source: [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=42619](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=42619))

Economic growth is projected to remain strong and India will remain the fastest growing G20 economy. The increase in public wages and pensions will support consumption. Private investment will recover gradually as excess capacity diminishes, and the introduction Goods and Services Tax and other measures to improve the ease of doing business are being implemented. However, large non-performing loans and high leverage of some companies are holding back investment.

Monetary policy is projected to remain tight as inflation expectations have still not fully adjusted down. The need to reduce the relatively high public – debt – to – GDP ratio leaves little room for fiscal stimulus. However, investing more in physical and social infrastructure is critical to raising living standards for all. This should be financed by a comprehensive reform of income and property taxes.

Restoring credit discipline and cleaning up banks' balance sheets will be instrumental to support the credit growth needed to finance more business investment.

Trade openness has increased, partly driven by a competitive service sector. Manufacturing has lagged behind, with limited contribution to exports and job creation, leaving many workers in low-paid jobs.

Promoting quality job creation in manufacturing would require reducing further restrictions on FDI and trade, modernising labour regulations and providing better education and skills. Better infrastructure, transport and logistic services would facilitate manufacturing firms' access to global markets, particularly from remote and poorer regions.

## Government Initiatives

In the Union Budget 2017-18, the Finance Minister, Mr Arun Jaitley, vouched that the major push of the budget proposals is on growth stimulation, providing relief to the middle class, providing affordable housing, curbing black money, digitalisation of the economy, enhancing transparency in political funding and simplifying the tax administration in the country.

The Government of Maharashtra has set a target to double farm income by 2022 through measures like large scale micro irrigation, water conservation, expansion of formal cash credit coverage, crop insurance and agriculture diversification, as per Mr Vidyasagar Rao, Governor of Maharashtra.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Some of the recent initiatives and developments undertaken by the government are listed below:

- The Government of India has succeeded in providing road connectivity to 85 per cent of the 178,184 eligible rural habitations in the country under its Pradhan Mantri Gram Sadak Yojana (PMGSY) since its launch in 2014.
- A total of 15,183 villages have been electrified in India between April 2015-November 2017 and complete electrification of all villages is expected by May 2018, according to Mr Raj Kumar Singh, Minister of State (IC) for Power and New & Renewable Energy, Government of India.
- The Government of India has decided to invest Rs 2.11 trillion (US\$ 32.9 billion) to recapitalise public sector banks over the next two years and Rs 7 trillion (US\$ 109.31 billion) for construction of new roads and highways over the next five years.
- The mid-term review of India's Foreign Trade Policy (FTP) 2015-20 has been released by Ministry of Commerce & Industry, Government of India, under which annual incentives for labour intensive MSME sectors have been increased by 2 per cent.
- The India-Japan Act East Forum, under which India and Japan will work on development projects in the North-East Region of India will be a milestone for bilateral relations between the two countries, according to Mr Kenji Hiramatsu, Ambassador of Japan to India.
- The Government of India will spend around Rs 1 lakh crore (US\$ 15.62 billion) during FY 18-20 to build roads in the country under Pradhan Mantri Gram Sadak Yojana (PMGSY).
- The Government of India plans to facilitate partnerships between gram panchayats, private companies and other social organisations, to push for rural development under its 'Mission Antyodaya' and has already selected 50,000 panchayats across the country for the same.
- The fiscal deficit of the Government of India, which was 4.5 per cent of the gross domestic product (GDP) in 2013-14, has steadily reduced to 3.5 per cent in 2016-17 and is expected to further decrease to 3.2 per cent of the GDP in 2017-18, according to the Reserve Bank of India (RBI).
- The Government of India plans to implement a new scheme, named 'Sasti Bijli Har Ghar Yojana' with an outlay of Rs 17,000 crore (US\$ 2.64 billion), to provide electricity to around 40 million un-electrified households in the country.
- The Government of India and the Government of Portugal have signed 11 bilateral agreements in areas of outer space, double taxation, and nano technology, among others, which will help in strengthening the economic ties between the two countries.
- India's revenue receipts are estimated to touch Rs 28-30 trillion (US\$ 436- 467 billion) by 2019, owing to Government of India's measures to strengthen infrastructure and reforms like demonetisation and Goods and Services Tax (GST).

## Road Ahead

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

### Indian Textile and Apparel Industry

- 1) Textile plays a major role in the Indian economy. It contributes 14 per cent to industrial production and 4 per cent to GDP.
- 2) With over 45 million people, the industry is one of the largest source of employment generation in the country .
- 3) The industry accounts for nearly 15 per cent of total exports.
- 4) The size of India's textile market in 2016 was around US\$ 137 billion, which is expected to touch US\$ 226 billion market by 2023, growing at a CAGR of 8.7 per cent between 2009-23E.
- 5) The new textile policy which was planned by the central government in June.
- 6) 2017 aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs.
- 7) The textile and apparel industry can be broadly divided into two segments - yarn and fibre, and processed fabrics and apparel. India accounts for ~14 per cent of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share. The domestic textile industry in India is estimated to reach US\$ 250 billion by 2019 from US\$ 150 billion in July 2017, while Cotton production in India is expected to increase 10-15 per cent during FY18.

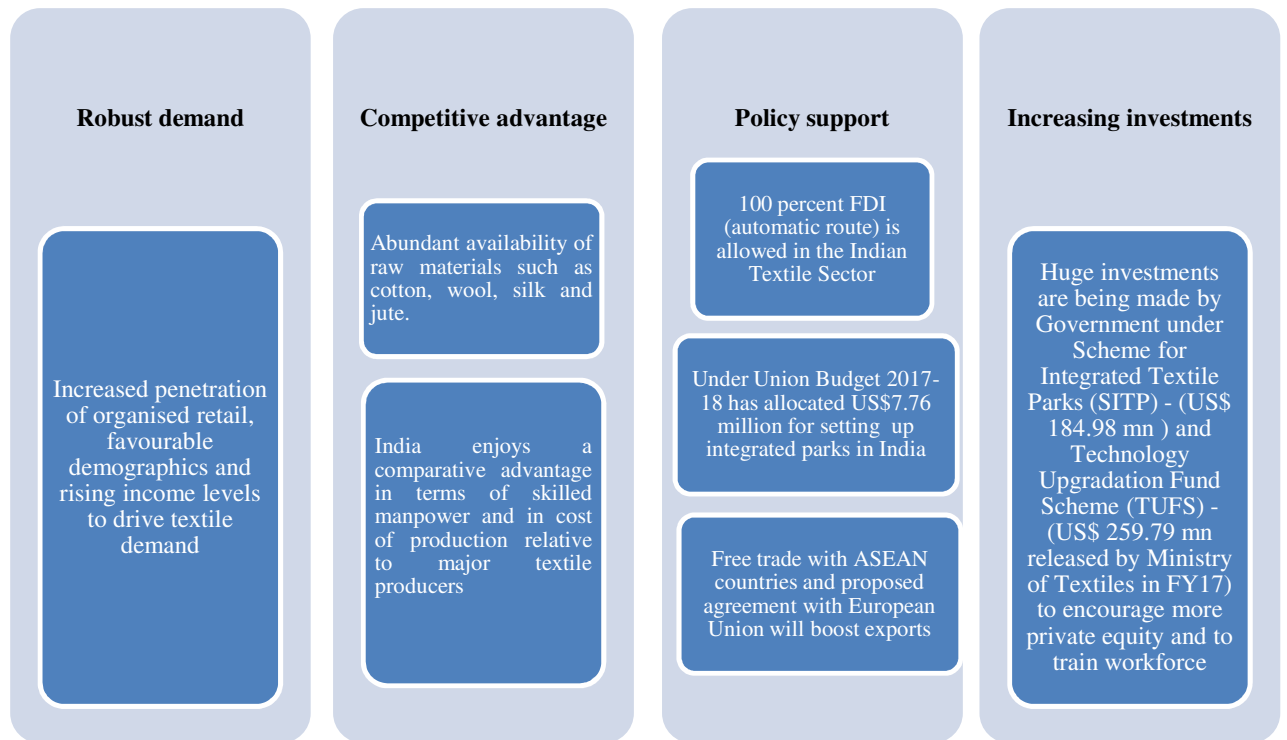
Increased penetration of organised retail, favourable demographics, and rising income levels are likely to drive demand for textiles. India is the world's second largest exporter of textiles and clothing.

Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021. Exports of textiles from India reached Rs 1.2 trillion (US\$ 18.57 billion) during April – September 2017. Readymade garments remain the largest contributor to total textile and apparel exports from India, contributing 47.69 per cent to total textile and apparel exports. Yarn and made-ups were the other major contributors with shares of 14.36 per cent and 12.89 per cent, respectively.

Rising government focus and favourable policies is leading to growth in the textiles and clothing industry. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Upgradation Fund Scheme (TUFS). To promote apparel exports, 12 locations have been approved by the government to set up apparel parks for exports. Under Union Budget 2017-18, Government of India allocated around US\$ 926.66 million for textile Industry. Free trade with ASEAN countries and proposed agreement with European Union will also help boost exports. Cumulative FDI in the Indian textiles reached US\$ 2.4 billion between April 2000 to September 2017. The government has extended the duty drawback facility on all textile products and increased rates in some cases for one year to boost exports in the sector. The government is also planning to conduct roadshows to promote the country's textiles in non-traditional markets like South America, Russia and select countries in West Asia.

*(Source: Indian Brand Equity Foundation - IBEF)*

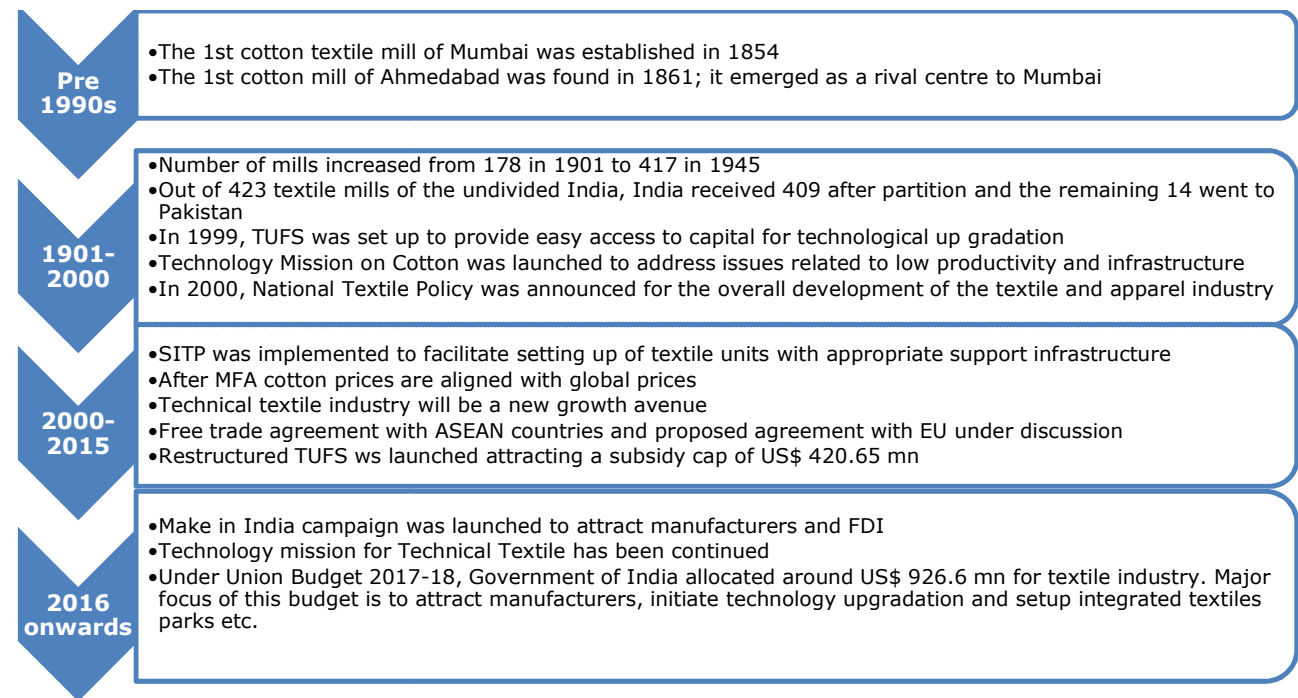
## Advantage India



(Source: Indian Brand Equity Foundation - IBEF)



## Evolution of Indian Textile Sector



(Source: Indian Brand Equity Foundation - IBEF)

## Porter's Five Force Framework Analysis

### Bargaining power of suppliers

Low: Significant presence of small suppliers has reduced the bargaining power

### Bargaining power of buyers

High: Major clothing brands have better bargaining power

### Threat of substitutes

High: Low cost substitute products from countries like Pakistan and Bangladesh

### Threat of new entrants

**Medium** – 100 per cent FDI (automatic route) is allowed in the Indian textile sector

A few large suppliers are focusing on forward integration

### Competitive rivalry

**High** – Intense competition between established brands and private label brands

Industry is highly fragmented with organised sector contributing only 31 per cent in 2011



### Exports have posted strong growth over the years..

- 1) Exports have been a core feature of India's textile and apparel sector, a fact corroborated by trade figures.
- 2) Exports in textile and apparel sector stood at US\$ 36.63 billion in FY17. Exports of textiles from India reached Rs 1.2 trillion (US\$ 18.57 billion) during April – September 2017.
- 3) India took the top spot in market share in the men/boys knitwear shirts cotton' category with respect to garment exports to the US between January-June 2017.
- 4) The domestic textile and apparel has been one of the largest contributors to India's exports. During FY17, India exported textile items worth US\$ 36.6 billion. Readymade garments had a share of 47.7 per cent in these exports and reached US\$ 17.5 billion. During the same period, fibre, yarn, fabric, and made ups exports reached US\$ 2.5 billion, US\$ 5.3 billion, US\$ 4.3 billion, and US\$ 4.7 billion, respectively.
- 5) During April-June 2017, India exported cotton items worth US\$ 4.6 billion which includes cotton yarn, fiber, fabric, made ups, and readymade garments from cotton. Handicrafts reached US\$ 443.64 million during the same period and had a share of 4.53 per cent in overall textile exports.
- 6) Capacity built over the years has led to low cost of production per unit in India's textile industry; this has lent a strong competitive advantage to the country's textile exporters relative to key global peers. The sector has also witnessed increased outsourcing over the years as Indian players moved up the value chain. from being mere converters to vendor partners of global retail giants.

(Source: Indian Brand Equity Foundation - IBEF)

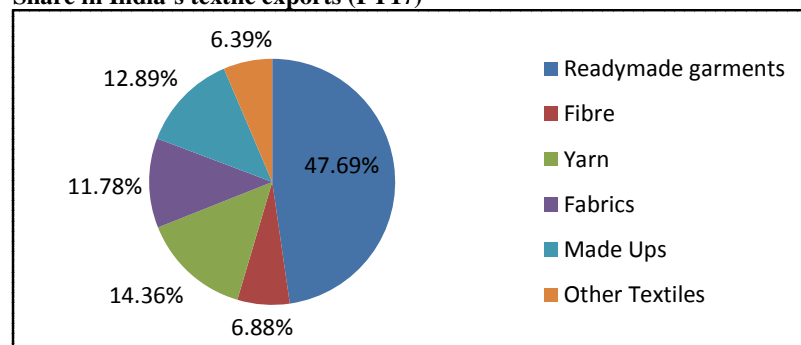
### Readymade garments and cotton textiles dominate exports

The domestic textile and apparel has been one of the largest contributors to India's exports. During FY17, India exported textile items worth US\$ 36.6 billion. Readymade garments had a share of 47.7 per cent in these exports and reached US\$ 17.5 billion. During the same period, fibre, yarn, fabric, and made ups exports reached US\$ 2.5 billion, US\$ 5.3 billion, US\$ 4.3 billion, and US\$ 4.7 billion, respectively

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(Source: Indian Brand Equity Foundation - IBEF)

### Share in India's textile exports (FY17)



## Indian apparel market

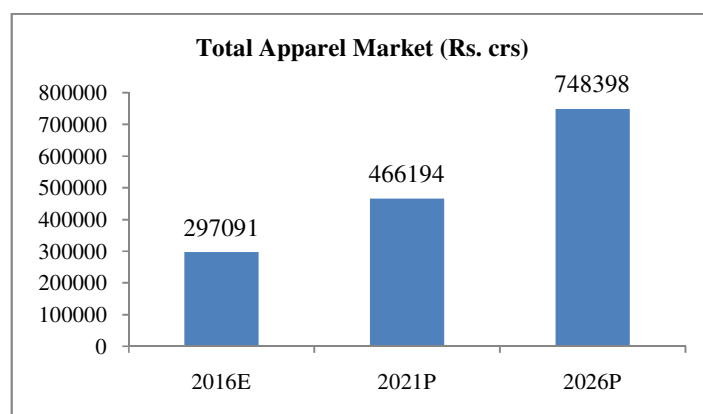
Indian economy, one of the fastest growing economies of the world, is witnessing major shifts in consumer preferences. Increasing disposable income, brand awareness and increasing tech-savvy millennial population are the driving factors of corporatized retail within the country. Overall, Indian retail scenario has shown sustainable long-term growth compared to other developing economies.

The Indian retail market was worth Rs 41,66,500 crore (US \$641 billion) in 2016 and is expected to reach Rs 1,02,50,500 crore (US \$1,576 billion) by 2026, growing at a Compound Annual Growth Rate (CAGR) of 10 per cent. It is envisaged that the current fashion retail market worth Rs 2,97,091 crore (US \$46 billion) will grow at a promising CAGR of 9.7 per cent to reach Rs 7,48,398 crore (US \$115 billion) by 2026.

Indian apparel industry which is the second largest contributor in the retail industry after food and grocery is seeing some major shifts. Entry of international brands, changes in preferences from non-branded to branded, the fast growing economy, large young consuming population in the country has made India a highly lucrative market. India has the world's largest youth population, which is becoming fashion conscious owing to mass media and social media penetration. This has opened unprecedented retail market opportunities. The promising growth rate of 9.7 per cent makes the Indian fashion industry prominent in the retail sector. With a GDP growth rate of 7 per cent, India has an edge over developed markets of the US, Europe and Japan which are expected to grow at a rate of 2-3 per cent. Favourable trade policies and increased penetration of organised retail among other factors contribute in making Indian fashion industry attractive for investors.

Within the retail categories, apparel retail has demonstrated comparatively high receptivity towards corporatized retail. High penetration of corporatized retail in apparel has also paved the way to introduce more formal and systematic processes and procedures in operations, procurement and distribution. As a consequence, apparel retail market has managed to harness the advantages offered by modern management concepts leading to improved product offering, better customer management and scientific supply chain management techniques. It is expected that apparel retail will continue to witness deeper penetration of corporatized retail beyond the major urban clusters and the increase in the demand of branded products.

**Total Apparel Market** (Source: Report - The Indian Fashion Market – 2016 & Beyond)



## Intersegment Analysis

The Indian apparel market can be broadly classified into men's wear and women's wear. Currently, men's wear holds major share in the apparel market. It accounts for 41 per cent of the total market. Women's wear contributes almost 38 per cent, while kidswear contributes 21 per cent of the market. It is estimated that over the next decade women's wear and kids wear will demonstrate high CAGR of 9.9 and 10.5 per cent respectively, resulting in rise in market share of these categories. Both, men's wear and women's wear is expected to contribute 39 per cent each to the total market in 2026, with kidswear accounting for the rest 22 per cent.

## Men's wear

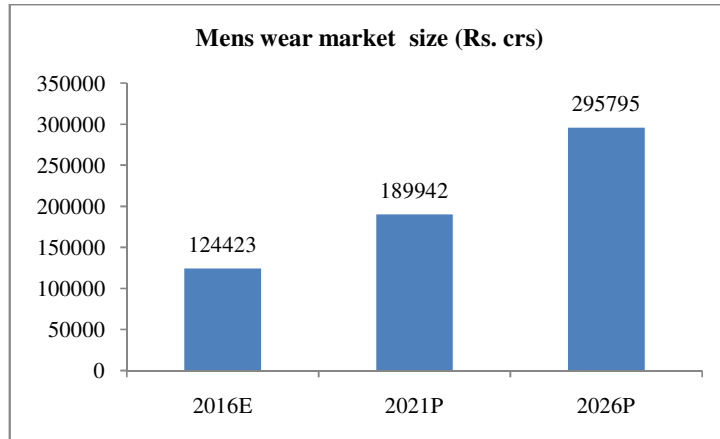
With the market size of Rs 1,24,423 crore (US \$19 billion), men's wear is the largest segment in apparel market and is expected to grow at a CAGR of 9 per cent for next 10 years to reach Rs 2,95,795 crore (US \$45.5 billion) by 2026. The various product categories of men's wear segment include shirts, trousers, suits, winter wear, t-shirts, denim, daily wear, active wear, ethnic, innerwear, etc. Shirts are the single largest category in men's wear, followed by trousers and denim.

In recent years, denim, activewear and t-shirts have shown promising growth and are expected to grow at high CAGRs of 14 per cent, 14 per cent and 12 per cent respectively, owing to changing preference of the consumers. While denim and t-shirts have matured as categories and have shown a consistent growth over a considerable period of time, activewear has recently evolved and has high growth potential. This is due to the boom in fitness and healthcare. In addition, the consumers in India have evolved and now understand that clothing for fitness is different from everyday clothing. These factors contribute to high growth projections of 14 per cent over the next decade. The growth in this category is not just restricted to metros and Tier -I cities and has shown growth in Tier -II and -III cities as well.

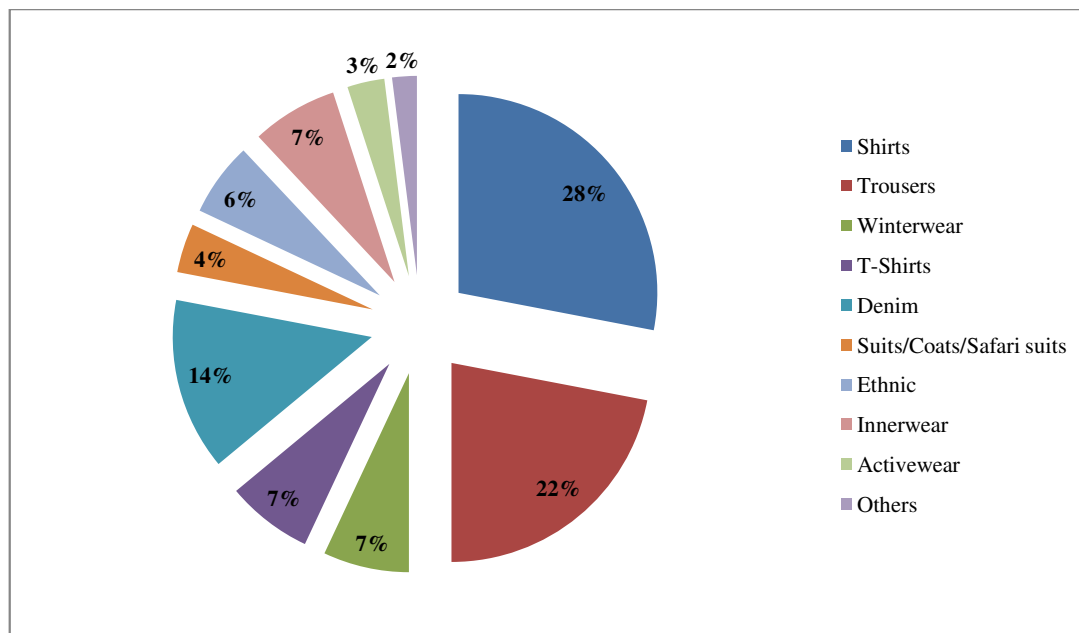
The acceptance of smart casuals in corporate has boosted growth of western wear among working professionals. Formal wear is not restricted only to shirts and trousers but has a wide range of other options such as smart jackets, brightly coloured or patterned shirts complemented with loafers, etc.

Men's denim wear is expected to grow at a rate of 14 per cent per year. The young population of the country is the key demand driver of this segment. Due to rise in media penetration in the country and global fashion awareness among youth, a shift in consumer's choice of denim wear has been witnessed in the country. Penetration of international brands in denim has provided consumers with ample product options.

**Men's wear market size** (Source: Report - The Indian Fashion Market – 2016 & Beyond)



### Share of individual category within Men's wear in 2016 (Source: Report - The Indian Fashion Market – 2016 & Beyond)



### Women's wear

The women's wear market in India contributes 38 per cent of the total apparel industry. It is estimated to be worth Rs 1,11,467 crore (US \$17.5 billion in 2016) and is expected to grow at a CAGR of 9.9 per cent to reach Rs 2,86,456 crore (US \$44 billion in 2026). Globalization coupled with fast fashion has resulted in awareness on fashion trends and styling. Further, the increase in number of working women has fuelled the women's wear market. The demand is expected for western wear, fusion wear and occasion specific ethnic wear. Women's wear in India comprises of ethnic wear, western wear, Indo-western, innerwear, etc. Ethnic wear is the single biggest category in women's wear segment with a share of 66 per cent. In ethnic wear, the saree is perhaps the most common traditional Indian dress for women and has a market of Rs 37,837 crore. It is expected to grow at a CAGR of 5 per cent and reach Rs 61,632 crore by 2026. Though a market shift is expected from saree to salwar kameez and western wear in urban and semi-urban markets, saree will still remain as the predominant category among elderly and middle aged women across urban and rural India.

Salwar kameez is another dominating category in ethnic wear, especially among the working women because of its comfort level. With a market share of Rs 35,804 crore, it is expected to grow at a CAGR of 12 per cent to reach Rs 1,11,203 crore by 2026. But, it has started facing stiff competition from the western wear owing to increased number of working women in the country, especially in urban areas. The increased competition from western wear has resulted in a new category — Indo-western (fusion-wear).

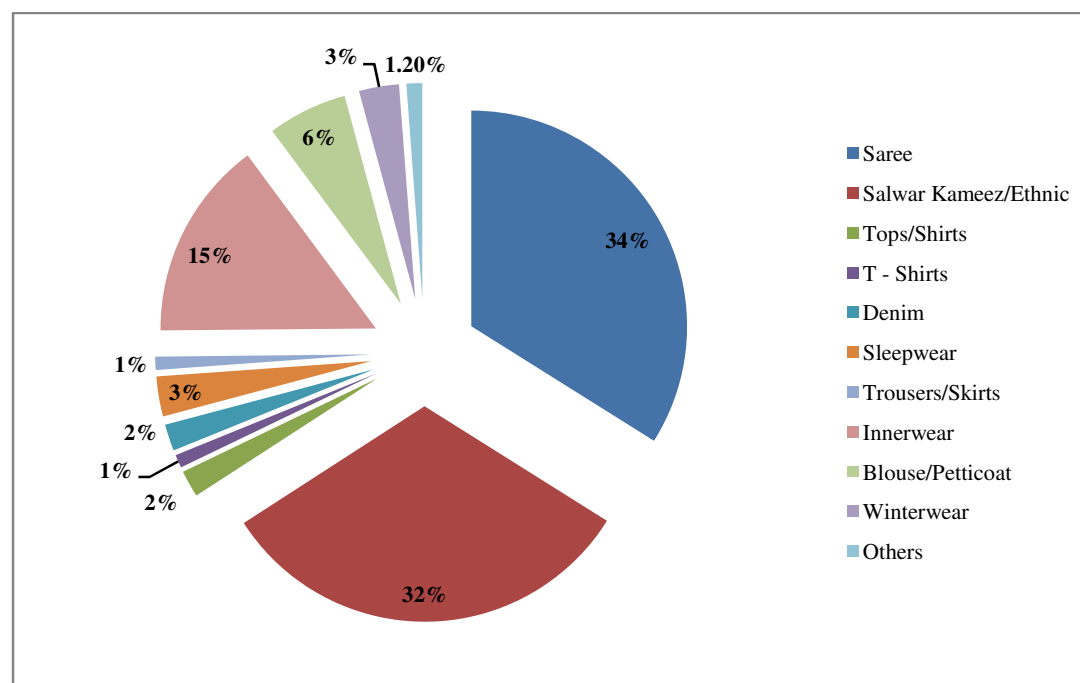
The innerwear category is another promising category in the women's wear market. It is growing at a CAGR of 14 per cent and is expected to reach Rs 60,277 crore in 2026 from the current market size of Rs 16,259 crore. Branded innerwear presently contributes about 35- 40 per cent of the total women's innerwear market and is expected to reach to 40-45 per cent in 2020.

Denim is another high growth category among women's wear and is expected to grow by a promising rate of 17.5 per cent for the next ten years to become a market of Rs 10,209 crore from Rs 2,035 crore currently. Initially, the denim brands used to focus primarily on men, but with the change in the demand and preferences of women, they started catering to women consumers as well. Stretch denims have seen a huge demand among women.

Women's t-shirts and tops categories are also growing fast owing to generic inclination for western wear categories. The women tops and shirts market is of Rs 2,236 crore and is expected to grow at a CAGR of 14 per cent to reach Rs 8,291 crore by 2026. The women's t-shirts market of Rs 933 crore is growing in tandem with the growth of other casual wear categories and is expected to grow at a CAGR of 17 per cent to reach Rs 4,484 crore by 2026.

(Source: <http://www.indiaretailing.com/2017/10/15/fashion/indian-fashion-apparel-market-2016-beyond/>)

**Share of individual category within Women's wear in 2016** (Source: Report - The Indian Fashion Market – 2016 & Beyond)



### Region-Wise Distribution of Apparel Market

Demand for various apparel categories varies substantially across the country. The urban market that mainly comprises of metro cities such as Delhi/ NCR, Mumbai, Bengaluru, Chennai, etc., are the biggest markets for apparel in India and contribute 23 per cent to the Indian apparel market. Considering the fact that almost 70 per cent of the population resides in villages, the major contribution of urban cities to the apparel market indicates the higher purchasing power of the people in urban cities, their frequency of purchases and tendency to purchase premium and quality products. The metro cities house almost all the big national and international brands, driven by the well informed and employed population. The metros also witness huge penetration of women's western wear as compared to Tier -I or Tier -II cities of the country. The well informed and trend conscious female customer base has led to deeper penetration of brands and private labels in the metros.

But lately, many global brands have started penetrating into Tier -I and -II cities, while domestic brands are also strengthening their position in these markets. Many fashion retailers and apparel brands have already established themselves in smaller cities. High real estate costs, competition among branded players and saturation in metro cities of the country have made big brands to move towards the smaller cities of the country. The increasing purchasing capacity and awareness of fashion and trend in small cities has resulted in providing a huge market to the organised players of the country.

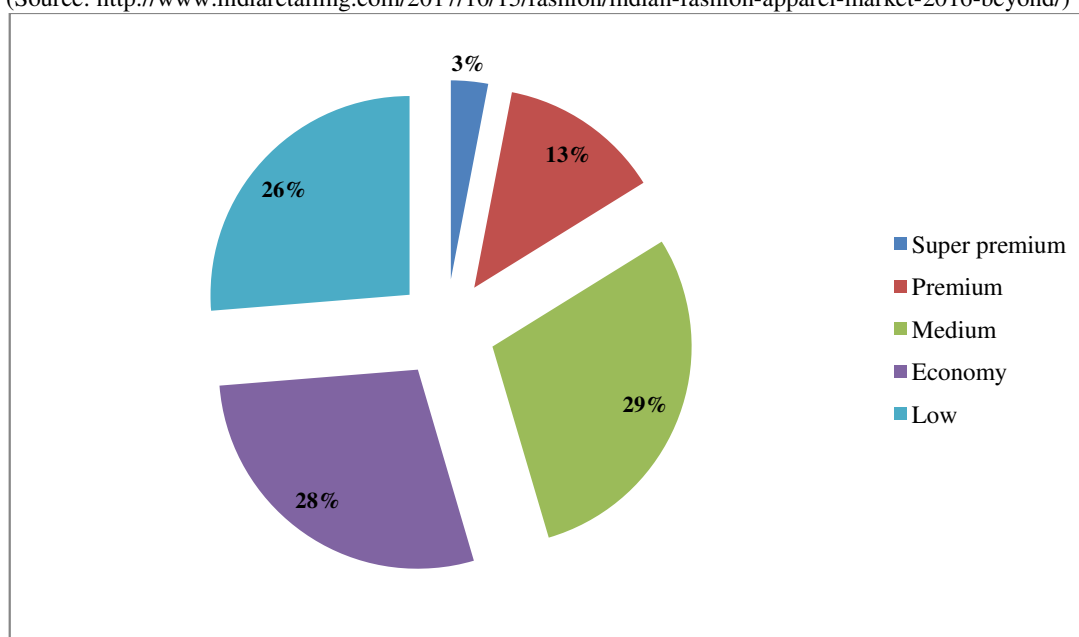
The rural apparel market in India is still primarily catered by unbranded and unorganised local players. Need based clothing and price sensitivity among people of rural India does not make it a lucrative market for branded players.

(Source: <http://www.indiaretailing.com/2017/10/15/fashion/indian-fashion-apparel-market-2016-beyond/>)

#### **Price Segmentation of Apparel Market**(Source: Report - The Indian Fashion Market – 2016 & Beyond)

The apparel market can be broadly divided into super premium, premium, medium, economy and low price segments. The medium price segment holds majority of the share among apparel segment by holding 29 per cent followed by economy which holds 28 per cent of the share of the apparel market of the country. The price sensitive rural population forms a major chunk of 54 per cent of the low and economy price segments of apparel market. Customers across income groups purchase medium priced apparel at varying frequencies. Sometimes the customers of the premium and super premium segment wish to trade down to medium segment while in some other cases the low income customer prefers to trade up to medium segment depending on the requirement of the attire and look. Many Indian consumers of the medium income level prefer medium price segments as it offers the assurance of certain minimum quality standards at a reasonable and affordable price. The super-premium and premium price categories are value driven categories and the product offerings of these segments come from established brands.

(Source: <http://www.indiaretailing.com/2017/10/15/fashion/indian-fashion-apparel-market-2016-beyond/>)



#### **Readymade garments and cotton textiles dominate exports**

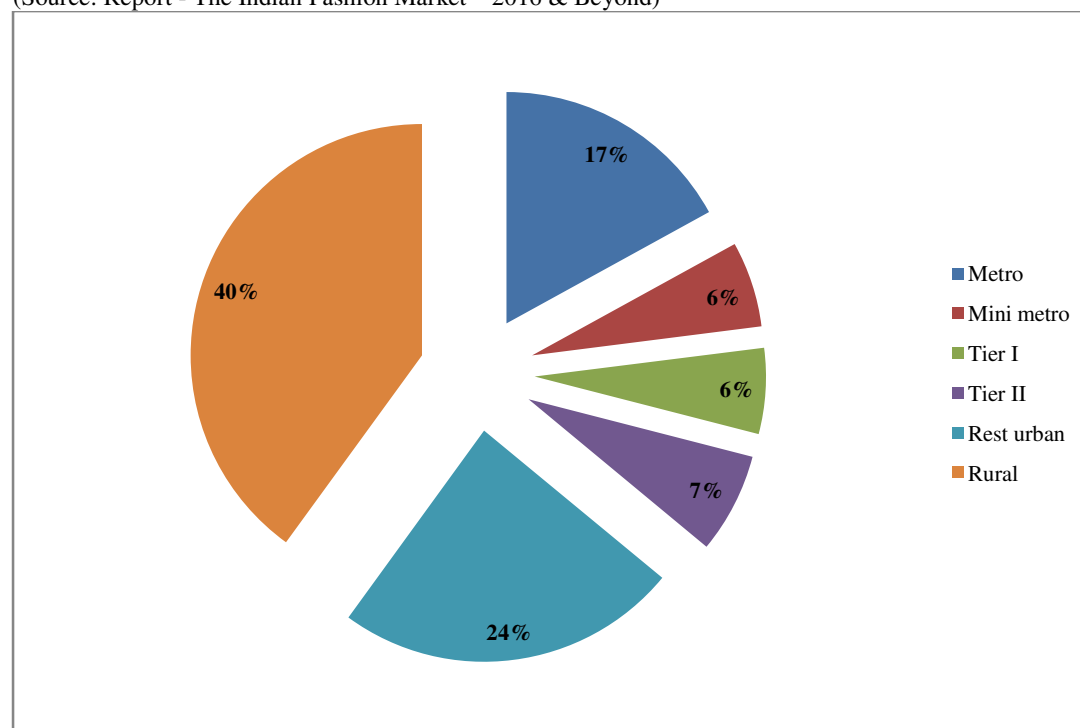
The domestic textile and apparel has been one of the largest contributors to India's exports. During FY17, India exported textile items worth US\$ 36.6 billion. Readymade garments had a share of 47.7 per cent in these exports and reached US\$ 17.5 billion. During the same period, fiber, yarn, fabric, and made ups exports reached US\$ 2.5 billion, US\$ 5.3 billion, US\$ 4.3 billion, and US\$ 4.7 billion, respectively

During April-June 2017, India exported cotton items worth US\$ 4.6 billion which includes cotton yarn, fiber, fabric, made ups, and readymade garments from cotton. Handicrafts reached US\$ 443.64 million during the same period and had a share of 4.53 per cent in overall textile exports.

(Source: Presentation on Textiles and Apparel dated December, 2017 India Brand Equity Foundation - IBEF)

### Region-Wise Distribution of Apparel Market

(Source: Report - The Indian Fashion Market – 2016 & Beyond)



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## OUR BUSINESS

*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 section titled 'Risk Factors', beginning on page no.14 of this Prospectus*

*This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the section titled 'Risk Factors' and the chapters titled 'Restated Financial Statement' and 'Management Discussion and Analysis of Financial Conditions and Results of Operations' beginning on page no14, 151 &191 of this Prospectus*

*Unless the context otherwise requires, in relation to business operations, in this section of this Prospectus, all references to "we", "us", "our" and "our Company" are to Active Clothing Co Limited and Group Entities as the case may be.*

### Business Overview

Our Company was incorporated as “Active Clothing Co Private Limited” under the provisions of the Companies Act, 1956 on 27<sup>th</sup> February, 2002 bearing “Corporate Identity Number U51311CH2002PTC24970, issued by Registrar of Companies, Punjab and Chandigarh. Our Company was converted from a private limited company to a public limited company vide fresh Certificate of Incorporation consequent upon conversion to public limited company dated December 29, 2017 issued by Registrar of Companies Punjab and Chandigarh with the Corporate Identity U51311PB2002PLC033422. For details regarding our incorporation and history, please refer to the chapter titled “History and Certain Other Corporate Matters Structure” beginning on page 128 of this Prospectus.

Active Clothing offers one-stop-solution to its customers providing them design, development, sourcing, manufacturing and retail at one door making it possible to outgrow new innovations and possibilities in its product. It is an integrated apparel manufacturer with the comprehensive capability to design and manufacture high quality readymade garments with a competitive price. Right since the inception, Active became a part of the apparel manufacturing industry of India. The Company which initially started with a team of only 10 employees today employs about 1000 employees.

The Company can produce various kinds of garments in various styles across three categories which include flat knit sweaters, outerwear jackets, circular knit t-shirts, sweatshirts, joggers for both men, women, kids and babywear. The Company has a total capacity 12,58,810 pieces of sweaters, 242,190 pieces of jackets and 7,80,000 T-Shirts and Sweatshirts. The total production area in the Company is 230,000 sq. ft. For producing high quality products the Company is supported by sophisticated technology and framework. Various international brands vested their design and outsourcing requirements to the Company and have received satisfactory creative and economically viable results. The Company which started with a small production order from Levi's, has grown rapidly and has been catering to many more global leading apparel brands.

The key customer base of the Company includes Levi Strauss (India) Pvt. Ltd., U.S Polo, Arrow, Izod, United Colours of Benetton, Numero Uno, Basics, Aero staple, Elle, Iconic, Pepe Jeans, Impulse buying house and other reputed international brands. The Company is also a distributor for international brands such as Levis, Celios, Arvind owned licensee brands Ed Hardy, Flying Machine. The established brands add immense strength to the continuous flow of orders to the Company and its creditability in all aspects.

It is one of the key manufacturers and distributors of winter wear and summer wear products of Levi's where the price tickets carrying the Logo of goods contains 'Marketed by Levi's India Pvt.Ltd. & manufactured by Active Clothing Co. Ltd.

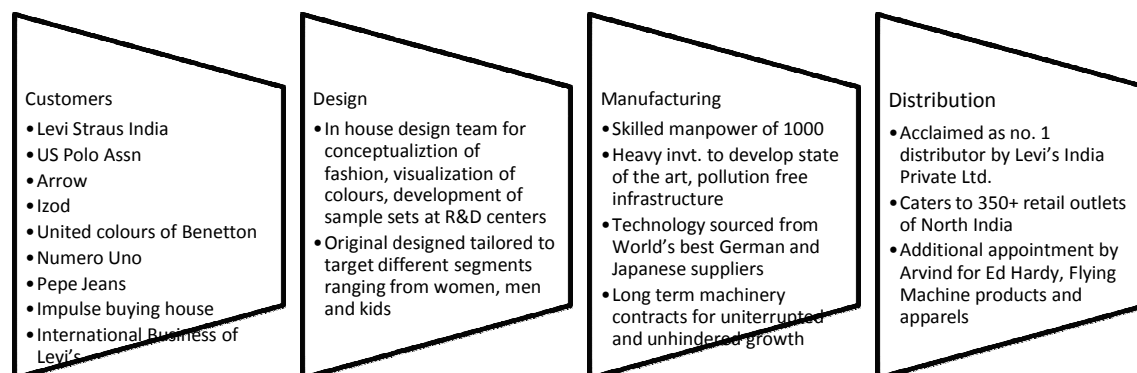
The Company is associated with the world's best big companies like Stoll, Shima Seiki, Fukuhara, Juki etc. for latest garment technologies to manufacture quality products. It has entered into an agreement with STOLL from Germany and purchased state of art technology computerized knitting machines, for further expansion of its capacity. It has installed fully fashioned computerized machines of Shima Seiki and Stoll of 5gg, 7gg, 10gg, 12gg and 18gg and multigauge garments making the Company one of the largest sweater manufacturing facility in India. The Company's facilities are equipped with modern laundry, garment printing, computerized embroidery machines, quilting and laser cutting provisions.



**Details of our office, facilities, godown**

Name of Facility	Address	Description	Nature of Ownership
BadaliAla Singh	Ghel Road, Village BadaliAla Singh, Dist. Fatehgarh Sahib, Punjab	Factory Premises	Owned
Regd. & Corp. Office	E-225, Industrial Area, Phase 8-B, Mohali Punjab	Regd. And Corporate Office. Distribution Office and godown	On 99 years lease from PSIEC
Ludhiana Godown	25, Industrial Area, Near SuffianChownk, Ludhiana	Ware house for inward of raw material	Rented
Bathinda	Mittal Mall, Bathinda	Multi Brand Store of Active's Distribution Brands	Revenue share model
Jhenjeri	Main Landran – Chuni Road, village Jhenjeri	Factory surplus outlet	Rented
MBD Mall	1 <sup>st</sup> Floor, MBD Mall, Ferozpur Road, Ludhiana	Exclusive Brand Outlet	Rented

Source: Company

**Key highlights of Business Model****Segment-wise overview****Jackets Division**

The Company is long recognized as one of the top players in jackets manufacturing. The Company is doing specialized jackets like polyester based quilted jackets, washed down cotton jackets, over dye jackets and wool jackets. For production of jackets, the Company consumes a variety of fabrics like cotton fabric, self structure cotton fabric, y/d cotton and polyester fabric, all polyester based fabric, printed fabric, wool fabric, herring bone fabric, PU and RFD fabric.

The production capacity stood at 2,42,190 pieces per annum. The Company is the one of the largest manufacturer of outerwear jackets in Punjab. No one in Punjab has this big capacity for manufacturing outerwear jackets under one roof.

The Company has 390 machines into 8 lines which are manufacturing core jacket products. The workforce associated with this product is highly skilled with a wonderful experience of sewing.

### **Flat knits division**

The Company has installed 160 fully fashioned computerized machines of Shima Seiki, Stoll and Kauo Heng of 5gg, 7gg, 10gg, 12gg, 14gg, 18gg and multigauge garments with an annual capacity of 12,58,810 units supported by an adequate stitching and finishing capacity.

The facilities are equipped with modern laundry, garment printing, computerized embroidery machines, quilting and laser cutting provisions.

The raw material used for production in this division includes 100% cotton, acrowool, cotton modal, merino wool, acrylic, viscose, indigo and lamb's wool yarn. The Company is also exploring its capacities in different fancy yarns in its garments.

The factory is laced with the best garment manufacturing and finishing equipment:

- a) Automatic Juki sewing machines
- b) Laundry and printing with ability to deliver great washes and treatments
- c) Value addition through fully computerized embroidery, quilting and laser cutting machines.

### **Circular knits division**

The Company is running around 100 machines into four lines with a capacity of 7,80,000 pieces per annum. The Company is manufacturing different categories of fine knits including solid and auto striper Polos, sweatshirts, joggers with different ranges of fabrics like cotton, cotton polyester, indigo and fleece being among the many.

Fabric for circulars is all being manufactured in – house using the best of machinery in this category from Fukuhara, having the finest technology in this category till now. From the two color striper to 6 color striper there is nothing that cannot be made on these machines. Thus, being equipped with the best specialized machinery for different critical operations has increased the efficiency of productivity, widened the range of products and maintained consistency in the product. The Company produces the products in this division from BCI Compact Cotton which is best in terms of quality and hence demands premium.

### **Distribution**

Active Clothing Co. Pvt. Ltd. was incorporated in the year 2002 with the main object of distribution and retail of apparels. It started distribution business model with Levi's and now ACCPL is the largest distributor for Levi's and majorly covers the upper north of India comprising territory of Chandigarh, Punjab, J&K and Himachal Pradesh.

On the basis of various protocols being followed by Active Clothing and scope of business in the territory, ACCPL is also one of the major partner with Arvind Lifestyle Pvt. Ltd. and dealing into Flying Machine and ED Hardy for upper north comprising territory of Punjab, J&K, Haryana and Himachal Pradesh. Active Clothing is also dealing into Basics and Celios and creating a market for the same. The team plays a proactive role in full realization of territory's potential and achieving Company's desired goals. Over a span of time, the Company has created a niche in the territory and dealing with 350+ retailers.

### **Retail**

The Company also entered into Retail business in the year 2003. The Company is running multi branded store having brand mix of Levi's, Flying Machine, Ed Hardy, Nike, Sketchers, Basics, Celios and Aagain. In a very short time two stores are operational in Punjab and Company plans more in future.

Looking into the potential of knits and outerwear in fashion industry, Active decided to launch its very own fashion brand of sweaters and jackets "Aagain" in the year 2010.

Active has its excellence in all spheres which are required to launch a brand, i.e. design, manufacturing, retail, marketing etc and all at the same time. The design input, keeping in mind the latest fashion trends and forecasts

is given by Design team, manufacturing is handled by the production department and marketing is done by distribution and retail division.

The Company's brand is available in all parts of India in one of the most renowned multi – branded stores and retailers like Iconic, Suvidha, Chunmun Stores, Stanmax, Bindals and Sohan Shoppee.

### Design and development

Active also has its own design and development center which gives its customers the facility and freedom to convert their sketch to actual garment with the help of all infrastructures.

The Company has its design and development division with all the technical and design inputs to the brand for the category. The Company has a complete dedicated team to cater buyer's needs to make a design come to life and a sketch to actual garment.

The Company constantly works on its in-house designing to develop unique innovations for its customers in order to present to them a wide range to choose and pick. This helps in achieving great results for creating a range for the customer that they can rely on for high volume sales.

Active had been appointed by Levi's as an end to end supplier of winter – wear category where the Company was responsible for conceptualizing the concept, designing the complete line and also responsible for development and manufacturing of complete outer-wear category of the brand for Indian market. With this arrangement, sales of Levi's brand in India for outer-wear category had risen from Rs. 40 mn to Rs. 1,000 mn at MRP in year 2011.

Whether customers come to the Company with a specific direction or need it helps its client in conceptualizing products, its design team is there every step with them.

### List of major customers (Value of sales – Rs. in lakhs)

Name of customer	FY17	FY16	FY15	FY14	FY13
Arvind Lifestyle Brands Ltd.	342	397	56	250.3	5.3
% of sales	6.17	10.2	2.71	10.02	0.16
Kapsons Fashions	367	380	438	473	543
% of sales	6.61	9.76	21.19	18.9	15.92
Levi Strauss India P Ltd.	3030	2480	1295	1546	2196
% of sales	54.6	63.7	62.65	61.9	64.37
Pepe Jeans India P. Ltd.	228	251	100	88	-
% of sales	4.11	6.45	4.84	3.52	-
Hasbro Clothing P. Ltd.	115	174	-	-	-
% of sales	2.07	4.47	-	-	-
Monalisa Shawl and Saree	330	210	178	139	667
% of sales	5.95	5.40	8.61	5.6	19.55
Numero Uno	170	-	-	-	-
% of sales	3.07	-	-	-	-
Benetton India	77	-	-	-	-
% of sales	1.39	-	-	-	-
Again Lifestyle Pvt. Ltd.	888	-	-	-	-
% of sales	16.0	-	-	-	-
<b>Total</b>	<b>5,547</b>	<b>3,892</b>	<b>2,067</b>	<b>2,496.3</b>	<b>3,411.3</b>
<b>Total contribution from top customers</b>	<b>46.18%</b>	<b>34.73%</b>	<b>18.68%</b>	<b>24.23%</b>	<b>42.4%</b>

Source: Company

**Key awards**

Year	Award name	Awarded by
2010	Service Award: In recognition of 14 years of service and commitment	Levi's India Private Ltd.
2012	Store Excellence Award – North Zone	Levi's India Private Ltd.
2013	Supernatural Performance Award	Nike India Private Ltd.
2014	Best Vendor Partner – Winterwear	Arvind Brands Ltd.
2016	Store excellence award – Best Store in North (Elante Mall Chandigarh)	Levi's India Private Ltd.

Source: Company

**Order summary for the balance fiscal 2017-18**

Department	Brand	Quantity	Value (Rs. In lakhs)
C Knits	Levi's	138,621	430
Flat Knits	Levi's	51,614	283
Flat Knits	Monoprix	14,432	473.4
Flat Knits	USPA	1433	8.9
Distribution	Levi's	74,305	1808
Distribution	FM	29,300	479
Distribution	Ed Hardy	18,404	410
Distribution	Celios	4002	96.5
		Total	3988.8

Source: Company

**Our Competitive Strengths*****Capable to manage large sized and multiple orders***

One of the key to success in our business is the capability to execute large and multiple orders on time. Such orders require us to have immense operational expertise to manage large work force, complex sourcing capabilities, production planning and facilities. Our Company has over the past fifteen years nurtured and developed such expertise and capability to manage large orders. The experience of our senior management, infrastructure, best machinery and technology backed by a work force of about 1000 people makes us seamlessly capable to execute large and multiple orders on time. Currently, we are catering to a large number of high value brands in India like Levi's, Pepe Jeans, United Colors of Benetton, US Polo Assn, Arrow, Izod, etc.

***Diversified Product Portfolio***

Our Company has a varied product base to cater to the requirements of our customers which are national and international brands. There is a diverse mix of fashion and comfort in our spectrum of knitted apparels manufactured by us for men, women, kids, boys and girls. Our products includes t-shirts, hooded t-shirts, hoodie, knitted bottoms, knitted sleepwear, mens track suits, mens and women's jackets. We also offer a good range of men's and women's t-shirts in various necklines such as round, collar neckline and v-neckline made of different blends of fabrics. These t-shirts are available in various trendy patterns, textures and colours. Under our own brand 'Aagain', we manufacture knitted garments for aforesaid age groups and segments. We believe that we are insulated to a degree against fluctuation in demand for a specific product because of the wide range of products that we currently offer and our ability to develop new products required by our customers. Such a comprehensive range helps us promote cross promotional sales whereby our customer's buying behaviour leads us to anticipate the potential sale from our other product-mix. We believe our approach of presenting a portfolio of products for diversified customer profiles has helped us to enhance our growth.

***Quality Assurance and Standards***

We adhere to all the quality standards as prescribed by customers for products and processes. Awareness of quality commitment is widespread among all our employees. The quality assurance measures taken by the quality control team of our Company includes daily quality reports for cutting, stitching in line, midline and

final, and measurements at the check points, measurements before and after ironing and final checking and packing report. This is backed by a suitable quality control system in place with necessary checks & balances to ensure the best possible quality of products.

***Existing customer and supplier relationships***

We believe that we constantly try to address customer needs around a variety of products. Our existing customer relationships help us to get repeat business from our customers which are national and international brands. This has helped us to maintain a long term working relationship with our customers and improve our customer retention strategy. We believe that our existing relationship with our customers represents a competitive advantage in gaining new customers and increasing our business. We acquire raw materials from several suppliers; we do not have any contract with them for a long term. However, our existing relationships with suppliers will ensure quality and timely supply of raw materials at competitive rates. Their commitment has always enabled us to manage our inventories and supply quality products on timely basis to our customers.

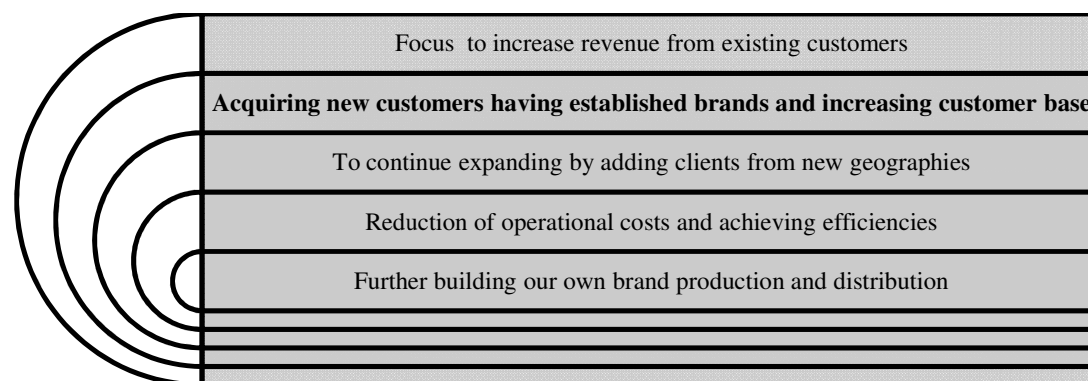
***Leveraging on our strong management team/ experience and relationships***

Our Company is managed by a team of competent personnel having knowledge of core aspects of our Business. We believe that our management team has a long-term vision, proven successful track record and the ability to achieve long term growth of our Company. We believe that the strength of our management team and their understanding of the industry will enable us to continue to take advantage of current and future market opportunities.

***Strong in-house design capabilities and techniques***

Our Company's competency lies in our understanding of our customers buying preferences and behaviour for last 15 years. We believe that we have a competitive advantage in all product categories due to our dedicated in-house design and merchandising team, our modern manufacturing facilities, operational capabilities and experienced work force. Design development and sampling forms an integral part of our Company's operations and is considered as an effective tool for converting customers need into a product. We have a team of professionals who are supported by high technology machines for developing products and styles which are based on prevalent fashion trends. This helps us keep pace with current trends and also to add innovative features to our products. New designs are developed on a regular basis to add to our library of designs, concepts, features, material specifications and product specifications.

## Our Strategy



### 1) Focus to increase revenue from existing customers

We intend to increase revenue from our existing consumers by developing further range of products on a regular basis and at the same time enhancing the distribution reach of the products domestically and globally. Our Company believes in maintaining long term relationship with our customers by adding value through innovations, quality assurance and timely delivery of our products which will ultimately enhance our sales.

### 2) Acquiring new customers having established brands and increasing customer base

As a global trend, several top brands and retailers are increasingly emphasizing on in-house product development and designing by manufacturing companies. Our in-house testing facilities, product development and designing team along with the stringent quality checks differentiates us from our competitors. There are hardly few Companies having all facilities with latest technology under one roof. Our accredited testing laboratory, along with a professional design team has led to some of our customers outsourcing production requirements to us and we are confident it will continue to acquire more customers going forth.

### 3) To continue expanding our distribution to reach new geographies

With the growing opportunities available in the market, we will endeavour to continue to grow our business by expanding our distribution network in existing and new geographies, and new market segments. We are looking towards expanding customer base across Indian and global markets. With the widening of the customer base, we can leverage the production capacity and the experience of our production team. We aim to do this by effectively leveraging our marketing skills and relationships and focusing on trends and customer demands.

### 4) Reduction of manufacturing, operational costs and achieving efficiency

Apart from expanding business and revenues we have to look for areas to reduce costs and achieve efficiencies in order to remain a cost competitive company. We try to reduce the wastages and control the production on the production floor through effective supervision. Our focus has been to reduce the operational costs to gain competitive edge. Besides, use of modern machinery has increased the efficiency, speed of production etc which will further reduce our cost of production.

### 5) Further building our own brand and its distribution

Developing and further enhancing our own brand “Aagain”, by leveraging our experience, existing infrastructure and facilities. We can develop our range further based on our understanding of the changing fashion trends and consumer demands and preferences. Our own in house production will improve our profitability margins going forth, ensure maximum usage of our production capability and reduce reliability on orders from our clients.

### 3 'D' Growth Strategy – Develop, Diversify, De risk

	Typical concerns	Mitigation approach
<b>Product</b>	<ul style="list-style-type: none"> <li>Single Product Supplier</li> <li>Product may go out of fashion</li> </ul>	<ul style="list-style-type: none"> <li>Developed multiple products</li> <li>Product range includes Winterwear (Sweater &amp; Jackets) and T-shirts &amp; Sweats. Manufacturing capacities are blocked by brands one year in advance</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>Reliance on a single customer</li> <li>If the customer goes out of business, the whole business collapses</li> </ul>	<ul style="list-style-type: none"> <li>Levi's India has provided the scale and growth which was required in the initial phase</li> <li>Multiple new customers added</li> </ul>
<b>Supplier</b>	<ul style="list-style-type: none"> <li>Over reliance on a single supplier for machinery</li> </ul>	<ul style="list-style-type: none"> <li>Sourcing of machinery from different suppliers</li> <li>One based in Japan and other in Germany</li> </ul>
<b>Geography</b>	<ul style="list-style-type: none"> <li>Macroeconomic factors</li> <li>Geo political risk</li> </ul>	<ul style="list-style-type: none"> <li>Contracts signed with Levi's San Fransisco, USA</li> </ul>
<b>Weather</b>	<ul style="list-style-type: none"> <li>Unpredicable seasons</li> <li>Warm winters can spoil the holiday season, sales, buying pattern</li> </ul>	<ul style="list-style-type: none"> <li>Product diversification from winter wear to T-Shirts and sweat shirts</li> <li>Machineries fully capable to manufacture/switch over to different products</li> </ul>

Source: Company

#### Our Products

Category	Sub category
<b>Sweaters</b>	For all gender and all age group.
<b>T-shirt, Sweat Shirts and bottom wear</b>	T-shirts, Knitted T-shirts, Fashion Shirts, Designer Tshirts, V-neck T-shirts, Round Neck T-shirts, Printed Round Neck T-Shirt, Full Knitted Polo T-shirts, knitted bottom wear for all genders and age groups.
<b>Outer wear Jackets</b>	Hooded Jacket, Sleeveless Jacket, Designer Jacket for all genders and age groups.

Source: Company

#### Plant & Machinery

Our manufacturing units are located in Badali Ala Singh (Dist.Fatehgarh Sahib), Punjab. The units are setup by using the machineries and components which have been bought from reputed and domestic suppliers. The Company has installed fully fashioned computerized machines of Shima Seiki, Stoll, and Kauo Heng of 5gg, 7gg, 10gg, 12gg, 14gg, 18gg and multigauge garments with an annual capacity of 22,81,000 units supporting an adequate stitching and finishing capacity. The plant is equipped with state of the art infrastructure. Fully computerized knitting machines from STOLL – Germany which are one of the best technologies world – wide are fully operational and have reduced knitting time leading to increase in our knitting efficiencies.

All machines are inter – connected through WLAN connections to their software SKR2 – STOLL KNITTING REPORT. This live software helps us to keep track of every single machine's daily statistics and generates daily efficiency reports as well. This has ultimately helped us to deliver a better product with great cost reductions and has tremendously increased efficiencies due to all – time available machine tracking software.

In addition to Stoll, we have also installed Shima Seiki machinery from Japan which is also one of the best knitting machinery known. These machines have outstanding software which helps us to create 3D – Avatar of product through garment mapping. This helps our customers and us to save time, avoid wastages and reduced lead times, therefore increasing efficiencies in developments.

We have purchased computerized panel quilting machinery. With the help of this machinery, we are able to stitch and quilt all imaginary patterns on garments whose consistency are impossible in manual work. This has helped us to increase our capacity due to increase in production efficiency.

We also have a laser cut machine installed which helps to cut all kinds of possible shapes with definitive quality and sharpness, hence enhancing the garment's appliqué work.

In addition, we have also adopted production ERP software which is currently under implementation.

The Company's facilities are equipped with modern laundry, garment printing, computerized embroidery machines, dying, quilting and laser cutting provisions. The factory is equipped with the best garment manufacturing and finishing equipment – Automatic Juki sewing machines.

All the suppliers of equipments have been selected by the Company on the basis of past experience and competitive prices.

Our Company has installed the following machineries and equipment:

- Knitting Machines
- Rewinding machines
- Manual single needle stitching machines
- Triple needle stitching machines
- Double needle lock stitch machines
- Overlock machines
- Flatlock machines
- Edge cutters,
- Zig Zag machine
- Bar Tak machine
- Button machine
- Kaj machine
- Ilet Kaj machine
- Snap button machine
- Fusing machine
- Heat seal
- Quilting machine
- Embroidary machine
- Bend knife
- Straight knife
- Cutting machines
- Layer end cutter
- Linking machines
- Kachi Machine
- Washing machines
- Hydro extractor
- Tumbler dryer
- Querring machine
- Printing machine
- Acid wash machine
- Metal detector
- Fabric inspection machine
- Weighing machines
- D.G. Sets
- Air Compressors
- Dry cleaner
- Air conditioning
- Flat bed press machine
- Hand press machines
- Wrapping machine
- Transformer



- Servo Steplizer
- ACB
- Ring main unit (circuit breaker), 11 kv
- Boiler
- ETP/STP
- Fire engine
- Fire hydrant
- Jocki pump
- Reverse Osmosis
- Water cooler
- Elevators

### Power

The total average monthly power requirement of the manufacturing activity is 183634 units which is being supplied by the Punjab State Power Corporation Limited”

### Water

The requirement of water at Company’s unit at Badali Ala Singh (Dist. Fatehgarh Sahib), Punjab has been estimated at 50,000 KLD/per day. The unit is a zero – discharge unit which is beneficial to industrial, municipal organizations as well as to the environment because it saves energy and no effluent or discharge is left over. The Company has also initiated renewable energy practices in its factory where it will be reutilizing the water discharged from washing process which after passing through the effluent treatment plant will be re-used in air conditioners cooling plants and for domestic purposes like in toilets. The extra filtered water will be also used for watering in – house plantations. Apart from this, steam is also a source of energy which is being used as a renewable source of energy. The return of steam and condensed hot water is collected which is then used to heat and maintain the temperature of the water which is being used for boiler operations.

### Summary of Production Capacity (22,81,000 units)

DIVISION	At 100% Capacity utilization	
	Quantity	Value (Rs. In mn).
<b>SWEATERS</b>	12,58,810	629.40
<b>JACKETS</b>	2,42,190	223.23
<b>T-SHIRTS</b>	7,80,000	234.00
<b>TOTAL</b>	<b>22,81,000</b>	<b>1086.64</b>

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**Sweater division – Production capacity calculation (12,58,810 units)**

Gauge	No. of machines	Average SMV Value of garment at speed of 80	No. of working hours in 3 shifts (1 hour cleaning time)	No. of minutes of Production- 3 Shifts
3,5,2	10	50	23	1380
7.2	84	60	23	1380
12	29	60	23	1380
14	11	60	23	1380
18	10	70	23	1380
7	8	50	23	1380

Production /day/machine	No. of Sweaters / Day	No. of working days/ Year ( 365-10)	Average selling price of sweater	Value of sales (Rs. In millions)
28	276	97,980	500	489.9
23	1932	6,85,860	500	3429.3
23	667	2,36,785	500	1183.925
23	253	89,815	500	449.075
20	197	69,986	500	349.93
28	221	78,384	500	391.92

**Total                      12,58,810**

**Jacket division (2,42,190 pieces)**

Name of the machine	No. of machines	No. of pieces per day / Machine	No. of pieces per day	Production Capacity - 9 Months ( 234 days ) - 26 working days / month	Average selling price of Jacket (Rs.)	Value of sales (Rs. In mn.)
Single Needle machines - Adults Full Sleeves	210	3	630	1,47,420	1,000	1474.20
Single Needle machines - Adults sleeveless	30	3.5	105	24,570	800	196.56
Single Needle machines - Kids	75	4	300	70,200	800	561.60

**Total                      2,42,190**

**T – Shirt division – (7,80,000 pieces)**

Name of the machine	No. of machines	No. of pieces per day /Machine – POLO	No. of pieces per day	Production Capacity p.a (312 days)	Average selling price of T – Shirt (Rs.)	Value of Sales (Rs. In mn.).
Single Needle/ Over Lock / Flat Lock Polo T-Shirt	50	25	1250	3,90,000	280	109.20
Single Needle / Over Lock / Flat Lock round neck	25	30	750	2,34,000	200	46.80
Single Needle / Over Lock	25	20	500	1,56,000	500	78.0

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/ Flat Lock Round Neck  
Sweat Shirts

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**Total 7,80,000**


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### ***Raw Material and its procurement***

The Company is manufacturing different categories of fine knits including solid and auto striper Polos, sweatshirts, joggers with different ranges of fabrics like cotton, cotton polyester, indigo and fleece being among the many. For this purpose, the Company uses raw materials like 100 percent cotton, acrowool, cotton modal, merino wool, acrylic, viscose, indigo, and lamb's wool yarns. Our Company procures raw material from various reputed suppliers for last several years and we do not foresee any problem in procuring raw materials.

### ***Inventory Management***

We believe that maintaining appropriate levels of inventory is critical to our overall profitability. Our products in inventory include raw materials, work in progress, finished products manufactured by us and finished outsourced products. In order to minimize the risk of building up aged inventories, it is our policy to regularly review the obsolescence of inventories based on their age.

### **Manufacturing Process**

The manufacturing process germinates with the design sheets and images received from prospective buyer for development. The samples are analysed by the design team and it's feasibility on production machines.

### **Proto sample development**

It requires programming of garment as per the required knit structure. A single panel is developed to check the knit structure with washing done of the garment to know it's shrinkage and ironing done to check it's properties post finishing. On acceptance of the first cut of the garment knitting purchase order is issued for developing a Proto product and based on yarn(s) of respective specifications, the same are issued by yarn store if available, else the same are requisitioned and purchased.

Yarn is converted into panels on knitting machines after the for proto sample are made as per requirement and sent further for panel checking, repair, cutting in required measurement. Panels formed are attached through linking & sewed with machine or hand as per requirement. In case of embroidery or print product then panel is processed for the same and with cutting and sewing done later.

The next process involves hand hemming and barrack of the garment produced. For finishing the garment is sent for washing and ironing.

On completion it is sent for quality check. Garment is checked by quality auditor.

On the quality auditor passing the sample the same is sent to buyer for his observation, comments and final assent. On buyer's satisfaction in complete / with observations the next process involves manufacture of SMS/CS samples.

### **CS/SMS SAMPLE DEVELOPMENT**

Based on buyer comments programming is amended in respect to measurement of knit design. On the changes being carried out a single panel is made to check the knit structure and measurement. Based on above results, CS knitting PO is released and yarn is issued from store for knitting. All related trims and accessories are issued from trim store for sample development for making of a knitted panel.

On it's production the same are checked, repaired for any knit miss and issued for printing or embroidery. Panels are linked and stitched as per the design and measurements and a garment is manufactured. The same is sent to buyer for his approval. On receipt buttons are attached and bar tacking is done. The garment is then washed thereafter, ironed and is offered for inspection. On receipt from the quality department, the samples produced are dispatched to the buyer. Generally buyer takes two months to place his orders.

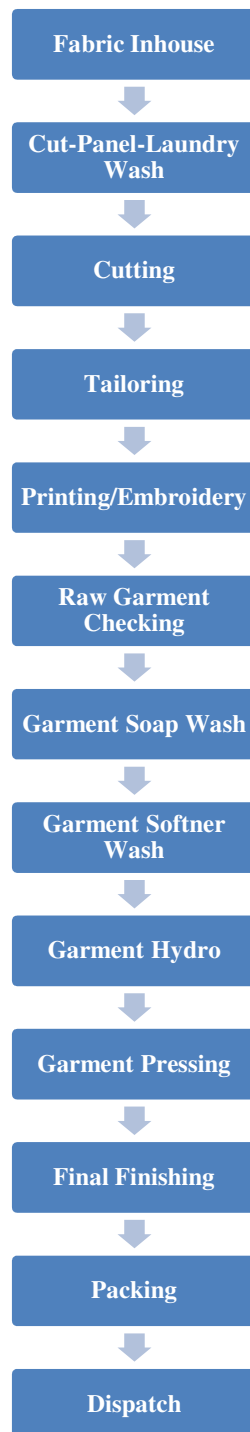
### **Bulk orders**

On receipt of final order from buyer immediately all the inputs required for making the garments are freed and zeroed down. Yarn being the main input orders are placed with yarn mills and trims are ordered as per BOM received from buyer. Fit sample is made on the basis of comments on the CS/SMS samples. Fit/size set samples produced are again sent to buyer for his approval. Within 45-60 days yarn are received. After it's receipt the same is tested in the laboratory and reports of the same is generated to understand the vital parameters and whether the same adheres to the quality standards.

Once yarn is approved in testing, knitting P.O is issued for bulk knitting. Panels are checked on random basis and repaired wherever required. The same are sent for linking thereafter. 100% checking is done at this stage including at the time of sewing. After a thorough checking the garments are sent for hemming and barracking is done.

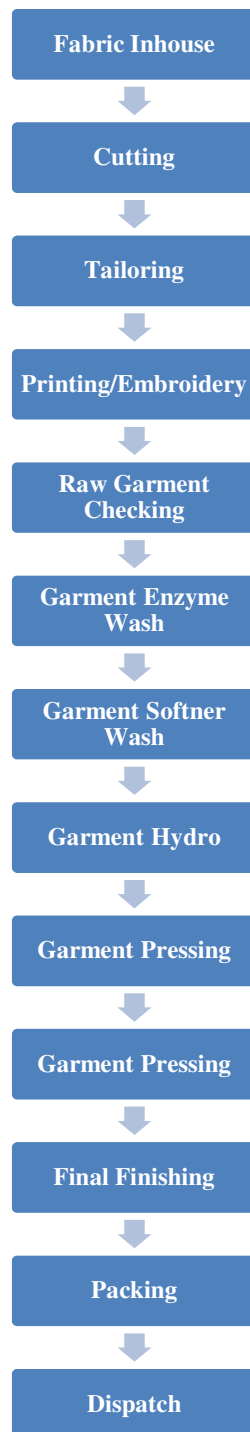
The next process requires washing and ironing. 100% measurement check of all garments is done for all measurements. Initial and final checking of all garments is done and later on all garments are checked for key measurements. Once measurements are o.k., re-final check for 100% garments is done. Later, packing and tagging of garments are done and packed in cartons. Finally shipment is scanned and offered for final audit to buyer Q.A. After audit clearance, goods are ready to be billed and dispatched to respective destination.

**Manufacturing process flow – Circular knits**



Source: Company

**Manufacturing process flow – Outwear woven jackets**



Source: Company

**Manufacturing process flow – Sweater** (Source: Company)



**Insurance**

<b>Location</b>	<b>Nature</b>	<b>Insurance Company</b>	<b>Policy no.</b>	<b>Date</b>	<b>Valid upto</b>	<b>Insured amount (Rs.)</b>
Plot no. E-225, Phase 8B, Industrial Area, Mohali	Standard Fire & Special Perils Policy	The New India Assurance Co. Ltd.	3115031116010000 0355	27 <sup>th</sup> Jan., 2017	26 <sup>th</sup> Feb., 2018	85,52,500
Plot no. E-225, Phase 8B, Industrial Area, Mohali	Policy for Burglary	The New India Assurance Co. Ltd.	3501008117000000 078	29 <sup>th</sup> April, 2017	28 <sup>th</sup> April, 2018	75,00,000
Plot no. 25, Industrial Area, Ludhiana	Stock and fixture	The New India Assurance Co. Ltd.	3501001117010000 0266	25 <sup>th</sup> Jan 2018	24 <sup>th</sup> Jan, 2019	25,00,000
Plot no. E-225, Phase 8B, Industrial Area, Mohali	Building superstructure	The New India Assurance Co. Ltd.	3501001117010000 0046	29 <sup>th</sup> April, 2017	28 <sup>th</sup> April, 2018	350,00,000
Plot No. E-225, Phase 8B, Industrial Area, Mohali	Plinth & Foundation	The New India Assurance Co. Ltd.	3501001117010000 0046	29 <sup>th</sup> April, 2017	28 <sup>th</sup> April, 2018	50,00,000
Plot No. E-225, Phase 8B, Industrial Area, Mohali	Furniture, Fittings, Fixtures	The New India Assurance Co. Ltd.	3501001117010000 0046	29 <sup>th</sup> April, 2017	28 <sup>th</sup> April, 2018	75,00,000
Plot No. E-225, Phase 8B, Industrial Area, Mohali	Stocks and stocks in process	The New India Assurance Co. Ltd.	3501001117010000 0046	29 <sup>th</sup> April, 2017	28 <sup>th</sup> April, 2018	100000000
Village Badali Ala Singh, Dist.	Building - Superstructure	The New India Assurance Co. Ltd.	3501001117010000 0267	27 <sup>th</sup> Jan, 2018	26 <sup>th</sup> Jan, 2019	90,00,000
Village Badali Ala Singh, Dist.	Furniture, Fittings & Fixtures	The New India Assurance Co. Ltd.	3501001117010000 0267	27 <sup>th</sup> Jan, 2018	26 <sup>th</sup> Jan, 2019	54,00,000
Village Badali Ala Singh, Dist.	Stocks and stocks in process	The New India Assurance Co. Ltd.	3501001117010000 0267	27 <sup>th</sup> Jan, 2018	26 <sup>th</sup> Jan, 2019	20,00,00,000
Village Badali Ala Singh, Dist.	Plant, Machinery & Accessories	The New India Assurance Co. Ltd.	3501001117010000 0267	27 <sup>th</sup> Jan, 2018	26 <sup>th</sup> Jan, 2019	12,00,00,000
Village Badali Ala Singh, Dist.	Fully Fashioned Machinery	The New India Assurance Co. Ltd.	3501004616010000 0292	2 <sup>nd</sup> Feb., 2017	1 <sup>st</sup> Feb., 2018	11,50,00,000
Shop No. F-18, MBD Mall, Ludhiana	Stock (Shopkeepers Insurance)	The New India Assurance Co. Ltd.	3501001117010000 0265	27 <sup>th</sup> Jan., 2018	26 <sup>th</sup> Jan. 2019	85,52,500
#131, First Floor, Mittal Mall, Bhatinda	Stock (Shopkeepers Insurance)	The New India Assurance Co. Ltd.	3501004817060000 00122	24 <sup>th</sup> Nov. 2017	23 <sup>rd</sup> Nov. 2018	1,50,00,000
Village Jhanjeri, Chunn Road, Landran	Stock	The New India Assurance Co. Ltd.	3501004817060000 00123	24 <sup>th</sup> Nov. 2017	23 <sup>rd</sup> Nov. 2018	1,50,00,000

*Source: Company*

Vehicle Insurance Policies: Our Company had obtained insurance coverage policy for vehicle also which we consider reasonably and sufficient to cover all normal risk associated with vehicles. These Insurance policies are generally valid for one year and are renewed annually by us

**Collaboration**

As on the date of Prospectus, we have not entered into any technical, financial or other collaboration.

**Export Possibility and Obligations**

The Company under Export Promotion Capital Goods (EPCG) scheme has imported machinery for manufacturing at zero duty and is subject to an export obligation saved on the machines imported under EPCG scheme, to be fulfilled in 6 years from the respective date of import.



**Human Resources**

Sr. No.	Category	No. of employees
1.	Managing Director	1
2.	Non Executive Director& Chairman	1
3.	Independent Director	2
4.	Chief Financial Officer	1
5.	Company Secretary & Compliance Officer	1
6.	Manufacturing Staff	943
7.	Distribution Staff	53
8.	Retail Staff	21
	<b>Total</b>	<b>1023</b>

Source: Company

**Intellectual Property**

Our brand “AAGAIN” has been registered under the Trade Marks Act, 1999.

**Competition**

The industry which we cater to is highly competitive and fragmented and we face competition with various players in the textiles and apparels sector. Some of our competitors also have owned brands, retail outlets, greater marketing and sales strategies and are also financially more competent than us. Further, there are no entry barriers in this industry which would further intensify competition.

**Land and Property**

Our Registered Office is located at E225, Phase VIII B, Industrial Focal Point, Mohali, Punjab – 160055 which is occupied by our Company under Lease agreement dated 17<sup>th</sup> September, 2010 for a period – 99 years lease with PSIEC.

Location	Title (Leased / Owned / Rental)	Area of Land	Agreement date	Cost of Acquisition (Rs.in lakhs)
Land & Building at E-225, Phase VIII B, Mohali	99 years lease with PSIEC	975 sq. yds	17 <sup>th</sup> Sept, 2010	464.49
Land & Building at Ghel Road, Village Badali Ala Singh, (Dist. Fatehgarh Sahib), Punjab	Owned	3.68 acres	26 <sup>th</sup> November, 2013	2185.87
Land at Punjab Apparel Park, Part B. Plot No. B2, Ludhiana	Owned	566 sq.yds	5 <sup>th</sup> August, 2008	8.11
<b>Total</b>				<b>2658.47</b>

## KEY INDUSTRY REGULATIONS AND POLICIES

### Key Industry Regulations and Policies

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the Company. The information detailed in this Chapter has been obtained from publications available in the public domains. The Regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

*Our Company is engaged in the business of integrated apparel manufacturing with the comprehensive capability to design and manufacture high quality readymade garments with a competitive price. Our Company is governed by a number of central and state legislations that regulate the business. The following discussion summarizes certain significant Indian Laws and regulations that govern our Companies Business.*

### INDUSTRY SPECIFIC REGULATIONS

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

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

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

#### Textile Committee Act, 1963

The Textiles Committee Act, 1963, has established the Textiles Committee with the primary objective of ensuring standard quality of textiles both for internal marketing and export purposes and the manufacture and use of standard type of textile machinery. Its functions include the promotion of textiles and textile exports, research in technical and economic fields, establishing standards for textiles and textile machinery and setting-up of laboratories for the testing of textile. Additionally, the Textiles Committee regulates the imposition of cess on textile and textile machinery that is manufactured in India.

### LABOUR LAWS

#### Industries (Development and Regulations) Act, 1951

In order to provide the Central Government with the means to implement its industrial policies, several legislations have been enacted and amended in response to the changing environment. Out of these several legislations, one of the most important is the Industries (Development and Regulation) Act, 1951 (IDRA) which was enacted in pursuance of the Industrial Policy Resolution, 1948. The Act was formulated for the purpose of development and regulation of industries in India by the Central Government.

#### 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.

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

The Factories Act, 1948 (“the Factories Act”) seeks to regulate labour employed in factories and makes provisions for safety, health and welfare of the workers. The Factories Act defines a ‘factory’ to cover any premises, which employs ten or more workers and in which manufacturing processes are carried on with the aid of power, and to cover any premises, where there are at least 20(twenty) workers who may or may not be engaged in an electrically aided manufacturing process. Each State Government has set out rules in respect of the prior submission of plans and its approval for the establishment of factories and registration and licensing of factories. The Factories Act also provides for the mechanisms for safety of certain equipment used in factories, procedures for periodic examination of equipment such as pressure vessels and lifting tackles, regulation of working conditions within the factories and includes specific provisions applicable to women and children employed in factories.

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

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

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

Under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act), compulsory provident fund, family pension fund and deposit linked insurance are payable to employees in factories and other establishments. The legislation provides that an establishment employing more than 20 (twenty) persons, either directly or indirectly, in any capacity whatsoever, is either required to constitute its own provident fund or subscribe to the statutory employee’s provident fund. The employer of such establishment is required to make a monthly contribution to the provident fund equivalent to the amount of the employee’s contribution to the provident fund. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPF Act also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

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

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of 5 (five) years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of ‘five year continuous service is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 (fifteen) days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of Rs. 10,00,000/- for an employee.

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

The Minimum Wages Act, 1948 (MWA Act) was enacted to establish minimum wages for certain categories of employees. Under this Act, the Central and the State Governments stipulate the scheduled industries and establishments and fix minimum wages.

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

Pursuant to the Payment of Bonus Act, 1965, as amended, an employee in a factory or in any establishment where 20 (twenty) or more persons are employed on any day during an accounting year, who has worked for at least 30 (thirty) working days in a year, is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a company is punishable with imprisonment upto 6 (six) months or a fine up to Rs. 1,000/- (Rupees one thousand only) or both.

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

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women in certain establishments for certain periods and to ensure that they get paid leave for a specified period before and after childbirth, or miscarriage or medical termination of pregnancy. It inter alia provides for payment of maternity benefits, medical bonus and prohibits the dismissal of and reduction of wages paid to pregnant women.

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

The Payment of Wages Act, 1936 (PWA) is applicable to the payment of wages to persons in factories and other establishments. PWA ensures that wages that are payable to the employee are disbursed by the employer within the prescribed time limit and no deductions other than those prescribed by the law are made by the employer.

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

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

### **Equal Remuneration Act, 1979**

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 Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act") provides for the protection of women at work place and prevention of sexual harassment at work place. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favours or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of 3 (three) months from the date of the last incident. If the establishment has less than 10 (ten) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to Rs. 50,000/- (Rupees fifty thousand only).

### **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.

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

The Child Labour (Prohibition and Regulation) Act, 1986 (the CLPR Act) seeks to prohibit the engagement of children in certain employments and to regulate the conditions of work of children in certain other employments. It also prescribes hours and periods of work, holidays, the requirement of keeping a register, etc for the establishments falling under this act. Ashopora commercial establishment is included under the definition of an establishment according to Section 2(iv) of the CLPR Act.

#### **Industrial Dispute Act, 1947 and Industrial Dispute (Central) Rules, 1957**

Industrial Dispute Act, 1947 and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The Industrial Disputes Act, 1947 (IDA) was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the IDA 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 a 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 IDA also sets out certain requirements in relation to the termination of the services of the workman. The IDA 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. Industrial Dispute (Punjab) Rules, 1958 are applicable to the Company.

#### **Shops & Commercial Establishments Acts of the respective States in which our Company has an established place of business/ office (“Shops Act”)**

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

#### **Punjab Labour Welfare Fund Act, 1965**

Punjab Labour Welfare Fund Act, 1965 and the Rules made thereunder provide for the constitution of a Fund for financing of activities to promote welfare of Labour in the state of Punjab and for conducting such activities and for certain other purposes as deemed necessary for the welfare.

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

The Industrial Employment (Standing Orders) Act applies to all establishments wherein 100 or more employees are employed. Under the Standing Orders Act, employers are required to define with sufficient precision the conditions of employment under them and make the conditions known to the employees employed by them. The Standing Orders Act provides that, employers are required to either adopt the model standing orders or to adopt their own certified standing orders. Standing orders, inter alia, provides for classification of employees, attendance, late coming, termination of employment, and the notice to be given, suspension or dismissal for misconduct etc.

#### **Motor Vehicles Act, 1988 and Central Motor Vehicles Rules, 1989**

The purpose of Motor Vehicles Act, 1988 is to regulate the activities associated with the driving licenses, vehicle registration, vehicles safety etc. The Central Motor Vehicle Rules, 1989 framed under the above Act also prescribe various road safety measures. The Motor Vehicles Act, 1988 and the Central Motor Vehicle Rules, 1989 (Chapter- II) prescribes stringent procedure for grant of Driving Licenses. Changes in the said Act and related rules have a bearing on the business of the Company.

### **The Specific Relief Act, 1963 (“Specific Relief Act”)**

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

## **TAX RELATED LEGISLATIONS**

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

The Income tax Act, 1961 (IT Act) is applicable to every Company, whether domestic or foreign whose income is taxable under the provisions of the IT Act or Rules made thereunder depending upon its Residential Status and Type of Income involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every Company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its returns by September 30 of each assessment year.

### **The Custom Act, 1962 and the Custom Tariff Act, 1975**

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. The Customs Tariff Act, 1975 provides the rates at which duties of customs will be levied under the Customs Act, 1962.

### **Goods and Service Tax Act, 2017**

Goods and Services Tax (GST) is an indirect tax applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. The GST shall be levied as Dual GST separately but concurrently by the Union (central tax - CGST) and the States (including Union Territories with legislatures) (State tax - SGST) / Union territories without legislatures (Union territory tax- UTGST). The Parliament would have exclusive power to levy GST. (integrated tax - IGST) on inter-State trade or commerce (including imports) in goods or services. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. Besides, some goods and services would be under the list of exempt items.

## **ENVIRONMENTAL RELATED LAWS**

### **Environment Protection Act, 1986**

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

### **The Water (Prevention and Control of Pollution) Act, 1974 (“the Act”)**

The Act provides for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of Boards for the prevention and control of water pollution, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith. The Act defines pollution as such contamination of water or such alteration of the physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (whether directly or indirectly) as may, or likely to create a nuisance or render such water harmful or injurious to public health or



safety, or to domestic, commercial, industrial, agricultural or other legitimate uses, or to the life and health of animals or plants or of aquatic organisms. The Act envisages establishing a Central Board as well as State Board for Prevention and Control of Water Pollution.

Accordingly, the previous consent of the Board constituted under the Act must be obtained, for establishing or taking steps to establish operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land. Such previous consent is required for bringing into use any new or altered outlet for the discharge of sewage or for the new discharge of sewage. If at any place where any industry, operation or process, or any treatment and disposal system or any extension or addition thereto is being carried on, due to accident or other unforeseen act or event, any poisonous, noxious or pollution matter is being discharged, or is likely to be discharged into a stream or well or sewer or on land and, as a result of such discharge, the water in any stream or well is being polluted, or is likely to be polluted, then the person in charge of such place shall forthwith intimate the occurrence of such accident, act or event to the Board constituted under the Act and such other authorities or agencies as may be prescribed.

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

The Act provides for the prevention, control and abatement of air pollution, for the establishment, with a view to carrying out the aforesaid purposes of Boards for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith.

The Act envisages establishing a Central Board as well as State Pollution Control Boards in each State. The Central Board constituted under Water (Prevention and Control of Pollution) Act, 1974, shall, without prejudice to its powers and functions under this Act, shall also exercise the powers and perform the functions of the Central Board under the Prevention and Control of Air Pollution. Similarly if in any State, the State Government has constituted for that State, a State Board for the Prevention and Control of Water Pollution, then such State Board shall be deemed to be the State Board for the Prevention and Control of Air Pollution and exercise the powers and perform the functions of the State Board for the Prevention and Control of Air Pollution also.

As per the Act, no person operating any industrial plant, in any air pollution control area (so declared under Section 19 of the Act) shall discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the Board constituted under the Act. Further, no person shall, without the previous consent of the Board constituted under the Act, establish or operate any industrial plant in an air pollution control area.

The Act further prescribes certain compliances with regard to the reporting and prevention of accidents. Thus, where in any area the emission of any air pollutant into the atmosphere in excess of the standards laid down by the Board constituted under the Act occurs or is apprehended to occur due to accident or other unforeseen act or event, the person in charge of the premises from where such emission occurs or is apprehended to occur shall forthwith intimate the fact of such occurrence or the apprehension of such occurrence to such Board and to such authorities or agencies as may be prescribed by the Act.

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

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

### **Electricity Act, 2003**

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

## **Hazardous Wastes**

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

- The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
- The Public Liability Insurance Act, 1991
- The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.

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

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

### **Public Liability Insurance Act, 1991 (“Public Liability Act”)**

The Public Liability 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. This amount is payable to the insurer.

## **OTHER LAWS**

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

The Legal Metrology Act, 2009 (L.M. Act) governs the standards/units/denominations used for weights and measures as well as for goods which are sold or distributed by weight, measure or number. It also states that any transaction/contract relating to goods/class of goods shall be as per the weight/measurement/numbers prescribed by the L.M. Act. Moreover, the L.M. Act prohibits any person from quoting any price, issuing a price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of the L.M. Act. The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in the Rules made by each State. The Act also provides for Legal Metrology (General) Rules, 2011, which may be followed for due compliance, if the respective State does not provide for Rules in this regard.

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

The transfer of property, including immovable property, between living persons, as opposed to the transfer property by operation of law, is governed by the Transfer of Property Act, 1882 (‘T.P. Act.’). The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. Transfer of property is subject to stamping and registration under the specific statutes enacted for the purposes which have been dealt with hereinafter.

The T.P. Act recognizes, among others, the following forms in which an interest in an immovable property may be transferred:

- Sale: The transfer of ownership in property for a price paid or promised to be paid.
- Mortgage: The transfer of an interest in property for the purpose of securing the payment of a loan, existing or future debt, or performance of an engagement which gives rise to a pecuniary liability. The T.P. Act recognizes several forms of mortgages over a property.
- Charges: Transactions including the creation of security over property for payment of money to another which are not classifiable as a mortgage. Charges can be created either by operation of law, e.g. decree of the court attaching to specified immovable property, or by an act of the parties.
- Leases: The transfer of a right to enjoy property for consideration paid or rendered periodically or on specified occasions.
- Leave and License: The transfer of a right to do something upon immovable property without creating interest in the property.



Further, it may be noted that with regards to the transfer of any interest in a property, the transferor transfers such interest, including any incidents, in the property which he is capable of passing and under the law, he cannot transfer a better title than he himself possesses.

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

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

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

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

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

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the list, is governed by the provisions of the Indian Stamp Act, 1899 (Stamp Act) which is enacted by the Central Government. All others instruments are required to be stamped, as per the rates prescribed by the respective State Governments. Stamp duty is required to be paid on all the documents that are registered and as stated above the percentage of stamp duty payable varies from one state to another. Certain states in India have enacted their own legislation in relation to stamp duty while the other states have adopted and amended the Stamp Act, as per the rates applicable in the state. On such instruments stamp duty is payable at the rates specified in Schedule I of the Stamp Act.

Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the authority and validated by payment of penalty. The amount of penalty payable on such instruments may vary from state to state.

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

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

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

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

To provide steady and simple redressal to consumers 'disputes, quasi-judicial machinery is sought to be set up at the district, state and central levels. The quasi-judicial bodies will observe the principles of natural justices and have been empowered to give relieves of a specific nature and to award wherever appropriate compensation to consumers. Penalties for non-compliance of the orders given by the quasi-judicial bodies have also been provided.

### **The Companies Act, 2013/ 1956**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. It deals with laws relating to companies and certain other associations. The Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial and managerial aspects of companies. It deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act, 2013 plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

### **The Competition Act, 2002**

The Competition Act, 2002 "prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates "combinations" in India. The Competition Act also established the Competition Commission of India (the "CCI") as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified recently on March 4, 2011 and came into effect on June 1, 2011. Combinations which are Likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as „Individuals and „Group. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is Likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares, voting rights or assets of an enterprise); or the board of directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

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

In India, the main legislation concerning foreign trade is FTA. The FTA read along with relevant rules provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. As per the provisions of the Act, the Government:- (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorized to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorized to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the Export – Import (EXIM) Policy. FTA read with the Indian Foreign Trade Policy provides that no export or import can be made by a company without an Importer-Exporter Code number unless such company is specifically exempt. An application for an Importer-Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce.

### **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, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.

## **LAWS RELATING TO INTELLECTUAL PROPERTY**

### **The Trademarks Act, 1999 ("Trademarks Act")**

Under the Trademarks Act, a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colours or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks ("the Registrar"), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee.

### **Indian Copyright Act, 1957 (Copyright Act)**

The Copyright Act governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Following the issuance of the International Copyright Order, 1999, subject to certain exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organization.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright, registration creates a presumption favouring ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, the copyright protection of a work lasts for 60 years.

### **The Patents Act, 1970 (Patent Act)**

The purpose of the Patent Act in India is to protect inventions. Patents provide the exclusive rights for the owner of a patent to make, use, exercise, distribute and sell a patented invention. The patent registration confers on the patentee the exclusive right to use, manufacture and sell his invention for the term of the patent. An application for a patent can be made by (a) person claiming to be the true and first inventor of the invention; (b) person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application; and (c) legal representative of any deceased person who immediately before his death was entitled to make such an application.

### **The Designs Act, 2000 (Designs Act)**

The objective of Designs Act is to promote and protect the design element of industrial production. It is also intended to promote innovative activity in the field of industries. The Controller General of Patents, Designs and Trade Marks appointed under the Trademarks Act shall be the Controller of Designs for the purposes of the Designs Act. When a design is registered, the proprietor of the design has copyright in the design during ten years from the date of registration.

### **Approvals from Local Authorities**

Setting up of a factory or manufacturing entails the requisite planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents are also required from the state pollution control board(s), the relevant state electricity board(s),

the state excise authorities, sales tax, among others, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

*Other Applicable Acts*

**Micro, Small and Medium Enterprises Development Act, 2006**

The Micro, Small and Medium Enterprises Development Act, 2006 as amended from time to time ('MSMED Act') seeks to facilitate the development of micro, small and medium enterprises. The MSMED Act provides that where an enterprise is engaged in the manufacturing and production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, the classification of an enterprise will be as follows: a) where the investment in plant and machinery does not exceed twenty-five lakh rupees shall be regarded as a micro enterprise; b) where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees shall be regarded as a small enterprise; where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees shall be regarded as a medium enterprise.

The MSMED Act provides for the memorandum of micro, small and medium enterprises to be submitted by the relevant enterprises to the prescribed authority. While it is compulsory for medium enterprises engaged in manufacturing to submit the memorandum, the submission of the memorandum by micro and small enterprises engaged in manufacturing is optional. The MSMED Act defines a supplier to mean a micro or small enterprise that has filed a memorandum with the concerned authorities. The MSMED Act ensures that the buyer of goods makes payment for the goods supplied to him immediately or before the date agreed upon between the buyer and supplier. The MSMED Act provides that the agreed period cannot exceed forty five days from the day of acceptance of goods. The MSMED Act also stipulates that in case the buyer fails to make payment to the supplier within the agreed period, then the buyer will be liable to pay compound interest at three times of the bank rate notified by the Reserve Bank of India from the date immediately following the date agreed upon. The MSMED Act also provides for the establishment of the Micro and Small Enterprises Facilitation Council ('Council'). The Council has jurisdiction to act as an arbitrator or conciliator in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India.

## HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was incorporated as “Active Clothing Co Private Limited” under the provisions of the Companies Act, 1956 on February 2, 2002 bearing Corporate Identity Number U51311CH2002PTC24970 issued by Registrar of Companies Punjab and Chandigarh. Further, our Company was converted from a private limited company to a public limited company vide fresh Certificate of Incorporation consequent upon conversion to public limited company dated December 29, 2017 issued by Registrar of Companies, Punjab and Chandigarh with the Corporate Identity Number U51311PB2002PLC033422. For further details, please refer to chapter titled “Our History and Certain Other Corporate Matters” beginning on page 128 of this Prospectus.

Mr. Adesh Seth, Mrs. Renu Mehra, Mrs. Renu Seth and Mrs. Sudershan Kumari Mehra were the initial subscribers to the Memorandum and Articles of Association of our Company.

### Registered Office

Currently registered office of our Company is situated at Plot No. E-225, Phase VIII B, Industrial Area, Focal Point, Mohali, Punjab PIN – 160055.

### Changes in Registered Office of the Company since Incorporation

FROM	TO	DATE OF CHANGE	REASON FOR CHANGE
SCO-98, Sector 44C, Chandigarh, India Pin – 160047	F-279, Phase-8b, Mohali, Punjab, Pin – 160055	06 <sup>th</sup> January, 2009	Administrative Purpose
F-279, Phase-8b, Mohali, Punjab, Pin – 160055	Plot No. E-225, Phase VIII B, Industrial Area, Focal Point, Mohali, Punjab. Pin – 160055	17 <sup>th</sup> May, 2017	Administrative Purpose

### Key Events and Milestones in the History of our Company

#### Key Milestone

Year	Event
2002	Incorporated as “Active Clothing Co. Pvt. Ltd”
2003	Appointment as authorized distributors of Levis for sale of apparels for North India
2008	Appointment as designers for designing winter products by Levi’s India Pvt. Ltd. (a 100 percent subsidiary of Levi’s Inc., USA)
2009	Appointment as outsourcing agents for manufacture of outwear garments from approved vendors
2010	a) Strengthened its design capabilities b) Developed a successful R&D center for Levi’s c) Started trial productions within this center
2012	Become one of the largest distributors of Levis. Got approval to manufacture garments in house
2013	Becomes the manufacturer and supplier of winter wear products of Levi’s. price tickets carrying the Logo of goods ‘Marketed by Levi’s India Pvt.Ltd. & manufactured by Active Clothing Co. Pvt. Ltd.
2014	Expanded the manufacturing facility to cater to the growing business
2015	Contracted by Levi’s for summer wear (T – Shirts) in addition to winter wear.
2016	Commissioned state of art fully legal and social compliant manufacturing unit to manufacture diverse products

Source: Company

**Main Objects of our Company**

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

To carry on the business of dealing, trading, manufacturing, import export of all type of readymade garments, fabrics, accessories and other allied items including school uniform, bags, toys etc.

**Amendments to the Memorandum of Association since incorporation**

Sr. No.	Particulars	Date of Meeting	Type of Meeting
1	Clause II of MoA was amended to reflect the change in Registered Office due to shifting of Registered Office of the Company from the state of Chandigarh to Punjab	06/01/2009	EGM
2.	Clause V of MoA was amended to reflect increase in authorized share capital from ₹25,00,000 (Rupees Twenty Five Lakhs Only) consisting of 2,50,000 Equity Shares of ₹10 each to ₹16,00,00,000 (Rupees Sixteen Crore Only) consisting of 1,60,00,000 Equity Shares of ₹10 each.	17/11/2017	EGM
3.	Clause I of the MoA was amended upon conversion of Company from Private Limited to Public Limited.	16/12/2017	EGM

**Adoption of new Articles of Association of the Company**

Our Company has adopted a new set of Articles of Association of the Company, in the Extra-Ordinary General Meeting of the Company dated December 16, 2017.

**Holding Company of our Company**

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

**Subsidiary Company of our Company**

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

**Promoters of our Company**

The Promoters of our Company are Renu Mehra, Rajesh Mehra and Rajesh Mehra (HUF). For details, please refer to the chapter titled “*Our Promoters and Promoter Group*” beginning on page 142 of this Prospectus.

**Capital Raising Activities through Equity or Debt**

For details regarding our capital raising activities through equity and debt, please refer to the chapter titled “*Capital Structure*” beginning on page 50 of this Prospectus.

**Injunctions or Restraining Orders**

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

**Details regarding acquisition of business/ undertakings, mergers, amalgamations, etc.**

There are no mergers, amalgamations etc. with respect to our Company and we have not acquired any business/ undertakings till date.

**Details of Past Performance**

For details in relation to our financial performance in the previous five financial years, including details of non-recurring items of income, please refer to the section titled “*Financial Information*” beginning on page 151 of this Prospectus.

**Shareholders Agreements**

Our Company has not entered into any shareholders agreement as on date of filing of this Prospectus.

**Other Agreements**

Our Company has not entered into any agreements except under normal course of business of our Company, as on the date of filing of this Prospectus.

**Strategic/ Financial Partners**

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

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

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

**Change in the activities of our Company in the last five years**

There is no change in business activities of our Company in last five years.

**Strikes and Lockouts**

There have been no strikes or lockouts in our Company since incorporation.

**Revaluation of Assets**

Our Company has not revalued its assets since incorporation and has not issued any Equity Shares including bonus shares by capitalizing any revaluation reserves.

**Time and Cost Overruns in Setting up Projects**

Our Company has not experienced any time or cost overrun in relation to the implementation / setting of project barring the admissible contingency.

**Number of Shareholders**

Our Company has 7 shareholders as on date of this Prospectus.

## OUR MANAGEMENT

As per the Articles of Association of our Company, we are required to have not less than three (3) Directors and not more than twelve (12) Directors on its Board. As on date of this Prospectus, our Board consists of Four (4) Directors. Mr. Rajesh Mehra is the Managing Director of our Company, Mrs. Renu Mehra is Non- Executive Director and Mr. Rabindra Behera and Mr. Mahesh Chandra Saxena are Independent Director of our Company.

### The Board of Directors of our Company

The following table sets forth certain details regarding the members of our Company's Board as on the date of this Prospectus:

Sr. No	Name, Father's Name, Designation, Address, Nationality, Age, Occupation and DIN	Date of Appointment as Director and Term of Office	Other Directorships
1.	Mr. Rajesh Mehra S/o Mr. Raj Kumar Mehra Designation: Managing Director Address: House No. 1062, Phase 5, Part I, Mohali, Punjab, Pin – 160059. Nationality: Indian Age: 54 years Occupation: Business DIN: 00026176	Date of appointment: 01/08/2008	NIL
2.	Ms. Renu Mehra W/o Mr. Rajesh Mehra Designation: Non Executive Director Address: No. 1062, Phase 5, Part I, Mohali, Punjab, Pin – 160059. Nationality: Indian Age: 49 years Occupation: Business DIN: 02033471	Date of appointment: 27/02/2002	NIL
3.	Mr. Rabindra Behera S/o Late Sh. Lambodar Behera Designation: Independent Director Address: Flat No-C-II/308, Kedargouri Apartments, Lewis Road, Garage Chhaka, Old Town, Lingaraj, Bhubaneswar- 751002 Nationality: Indian Age: 64 years Occupation: General Manager in Indian Overseas Bank (Retired in 2013) DIN: 05298483	Date of appointment: 16/12/2017	NIL



4.	Mr. Mahesh Chandra Saxena S/o Mr. Kailash Chand Saxena Designation: Independent Director Address: Flat No. 401, Aster 7, Supertech Emerald Appartment, 3rd Floor, Sector- 93A Noida-201301 Nationality: Indian Age: 67 years Occupation: Deputy Registrar of Companies, NCT of Delhi & Haryana (Retired) DIN: 05131810	Date of appointment: 16/12/2017	KMG Milk Food Limited (CIN - L15201HR1999PLC034125)
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**Note:**

- 1) None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of this Prospectus.
- 2) None of the Promoters, persons forming part of our Promoter Group, our Directors or persons in control of our Company or our Company are debarred by SEBI from accessing the capital market.

**Brief Profile of the Directors of our Company****1. Mr. Rajesh Mehra -Managing Director.**

Rajesh Mehra, aged 54 years, founded the company Active in the year 1998, Mr. Mehra holds a Diploma in Technology (Weaving) from Punjab Institute of Textile Technology, Amritsar and having an experience in apparel industry of 30 years, he individually conceptualized and externalized the concept of providing design solutions to growing and established brands initially which outgrew into providing one-stop solutions initiating the sketch to store service at ACTIVE.

His journey in the field has been enriched and cultivated by boundless and capricious experiences which helped him to become a master of all fields. Having worked with Indian companies and also handling foreign assignments for export buying houses, Mr. Mehra has an in-depth understanding of the domestic and international markets. Being a dynamic and toe marking personality, he looks after all the operations of the company directly with the help of a very strong team of industry professionals. A direct interaction and reciprocal action with the companies, distributors and retailers to know the market trend, brand performance, their problems etc. makes his judgments impeccable, unblemished and accurate which is needed to emerge as a successful and lucrative entrepreneur.

The growth, development and success of Active as a profit-making company is the outcome of his being the jockey and motorist of **ACTIVE**.

2. **Renu Mehra**, aged 49 years, an arts graduate with an unmatched exuberance in providing creative and innovative ideas to update the products has been with the company since even before its inception. She solely handles the distribution business taking it to growing heights. Performing her duties as a member of the board, she has been a regular visitor to the national and international markets which in turn makes her knowledge in the area worth incorporating in the business. Her experience in the apparel industry has made her a valuable asset to the company.
3. **Rabindra Behra**, aged 64, the Independent Director of our Company, he holds a Bachelor degree in Chemical Engineering and having experience of three decades in the banking sector. He got his retirement

in the year 2013 from Indian Overseas Bank, where he held the position of General Manager. His experience in the banking sector has made him a valuable asset to the company.

4. **Mahesh Chandra Saxena**, aged 67, the Independent Director of our Company, he holds a degree in Bachelor of Arts, Bachelor of Laws and Diploma in Corporate Laws and Secretarial Practice. He is Retired Deputy Registrar of Companies, NCT of Delhi and Haryana. Having an experience of 36 years has made him a valuable asset to the company.

#### Relationship between our Directors

Sr. No.	Name of the Director	Related To	Nature of Relationship
1	Rajesh Mehra	Renu Mehra	Spouse
2.	Renu Mehra	Rajesh Mehra	Spouse

#### Borrowing power of the Board

Pursuant to a special resolution passed at an General Meeting of our Company held on August 26, 2014 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 180(1)(c) of the Companies Act, 2013 for borrowing, from time to time, any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rupees 100 Crores.

#### Remuneration and Compensation of our Director

Compensation payable to Executive Directors for Financial Year ended as on March 31, 2017:

Sr. No	Name of Director	Amount in Rs.
1	Rajesh Mehra	12.00 Lakh
2	Renu Mehra	7.50 Lakh

- Renu Mehra has since ceased to be an executive director and does not draw any remuneration with effect from 01/12/2017.

#### Shareholding of Directors in our Company

As on date of filing of this Prospectus, except the following, none of our Directors hold any Equity Shares of our Company:

Sr. No.	Name of the Directors	Share capital in our Company	% of pre-Offer paid-up Equity Share capital in our Company
1	Rajesh Mehra	57,22,715	50.08
2	Renu Mehra	46,17,700	40.41
	<b>Total</b>	<b>1,03,40,415</b>	<b>90.49</b>

#### Details of current and past directorship(s) in listed companies whose shares have been / were suspended from being traded on the BSE / NSE and reasons for suspension

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

#### Details of current and past directorship(s) in listed companies which have been/ were delisted from the stock exchange(s) and reasons for delisting

None of our Directors is or was a director on any listed companies which have been or were delisted from any stock exchange during the term of their directorship in such companies.

None of our Directors is or was a director of any listed companies during the five years immediately preceding the date of filing of this Prospectus and until date, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such companies.

#### **Interest of Directors**

All of our Directors may be deemed to be interested to the extent of fees payable to them (if any) for attending meetings of the Board or a committee thereof as well as to the extent of remuneration payable to them for their services as Managing Director and Whole time Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/ paid or any loans or advances provided to anybody corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

All our Directors may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to our non-promoter Directors, out of the Offer and also to the extent of any dividend payable to them and other distribution in respect of the said equity shares.

The Directors may also be regarded as interested in the equity shares, if any, held or that may be subscribed by and allocated to the companies, firms and trusts, if any, in which they are interested as directors, members, partners, and/ or trustees.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distribution in respect of the equity shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as directors, members, partners and promoters, pursuant to the Offer.

All our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with either the Director himself or other company in which they hold directorship or any partnership firm in which they are partners, as declared in their respective declarations.

#### **Interest in promotion of Our Company**

Our two Directors, Mr. Rajesh Mehra and Mrs. Renu Mehra, may be deemed to be interested in the promotion of the Company to the extent of the Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares.

#### **Interest in the property of Our Company**

Our Directors have no interest in any property acquired or proposed to be acquired by our Company in the preceding two years from the date of the Prospectus nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

#### **Interest in the business of Our Company**

Further, save and except as stated otherwise in 'Annexure IV: Statement of Related Parties' Transactions' in the chapter titled 'Financial Information' beginning on page number 151 of this Prospectus, our Directors do not have any other interests in our Company as on the date of this Prospectus. Our Directors are not interested in the appointment of Underwriters, Registrar and Bankers to the Offer or any such intermediaries registered with SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the directors was selected as a director or member of senior management.

#### **Interest as member of Our Company**

As on date of this Prospectus, our Directors together holds 1,03,40,415 Equity Shares in our Company i.e. 90.49 % 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, if any, by our Company.

**Bonus or Profit Sharing Plan for the Directors**

There is no bonus or profit sharing plan for the Directors of our Company.

**Contingent and Deferred Compensation payable to Directors**

No Director has received or is entitled to any contingent or deferred compensation.

**Changes in the Board for the last three years**

Except as mentioned below, there has been no change in the Board of Directors during the last three (3) years:

Name	Date	Reason for Change
Kalika Mehra	10.11.2016	Appointed as additional Director
Kalika Mehra	29.09.2017	Regularisation of Additional Director
Renu Mehra	27.11.2017	Change in Designation from Executive Director to Non Executive Director.
Rajesh Mehra	27.11.2017	Appointed as Managing Director of the Company
Mahesh Chandra Saxena	16.12.2017	Appointed as Independent Director
Rabindra Behera	16.12.2017	Appointed as Independent Director
Kalika Mehra	05.01.2018	Resigned from the post of Directorship.
Sudershan Mehra	03.12.2015	Ceasation from the post of Directorship due to death

**Corporate Governance**

The provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 with respect to corporate governance and the SEBI ICDR Regulations in respect of corporate governance become applicable to our Company immediately upon the listing of Equity Shares with BSE.

Our Company currently has four Directors, of which one is Managing Director, one is Non-Executive Director and Chairman and other two Directors are Non Executive Independent Directors. The Board functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides the Board with detailed reports on its performance periodically.

Our Company has constituted the following Committees of the Board:

1. Audit Committee,
2. Nomination and Remuneration Committee; and
3. Stakeholders' Relationship Committee

**1. Audit Committee**

Our Company has constituted an Audit Committee ("Audit Committee"), as per section 177 of the Companies Act, 2013, vide resolution passed at the meeting of the Board of Directors held on January 5, 2018.

The terms of reference of Audit Committee adheres to the requirements of SEBI Listing Regulations. The committee presently comprises the following three (3) directors:

Name of the Director	Designation	Nature of Directorship
Rabindra Behera	Chairman	Independent Director
Mahesh Chandra Saxena	Member	Independent Director
Renu Mehra	Member	Non Executive Director

The Company Secretary and Compliance Officer of our Company would act as the Secretary to the Audit Committee.

The scope and function of the Audit Committee includes the following:

- a) Oversight of the Issuer's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- b) Recommending to the Board, the appointment, re-appointment, replacement, remuneration and terms of appointment of the statutory auditors and fixation of audit fee;
- c) Approval of payments to the statutory auditors for any other services rendered by statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be stated in the Director's Responsibility Statement to be included in the Board's report in terms of clause © of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications and Modified opinions in the draft audit report.
- e) Reviewing, with the management, the half yearly financial statements before submission to the board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Discussion with internal auditors any significant findings and follow up there on;
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) To review the functioning of the Whistle Blower mechanism, in case the same is existing;
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee enjoys following powers:

- a) To investigate any activity within its terms of reference;
- b) To seek information from any employee;
- c) To obtain outside legal or other professional advice; and
- d) To secure attendance of outsiders with relevant expertise if it considers necessary

The audit committee shall mandatorily review the following information:

- a) management discussion and analysis of financial condition and results of operations;
- b) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) internal audit reports relating to internal control weaknesses; and

- e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

The Audit Committee shall meet at least 4 times in a year and not more than 120 days shall elapse between 2 meetings. The quorum shall be either 2 members or one third of the members of the Audit Committee whichever is greater with atleast 2 Independent Directors

## 2. Nomination and Remuneration Committee

Our Company has constituted a Nomination and Remuneration Committee (“**Nomination and Remuneration Committee**”) in accordance with section 178 of Companies Act 2013. The Nomination and Remuneration Committee was constituted *vide* resolution passed at the meeting of the Board of Directors held on January 5, 2018.

The Nomination and Remuneration Committee comprises the following Directors:

Name of Director	Designation	Nature of Directorship
Rabindra Behera	Chairman	Independent Director
Mahesh Chandra Saxena	Member	Independent Director
Renu Mehra	Member	Non Executive Director

The Company Secretary and Compliance Officer of our Company would act as the Secretary to the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee are:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to our Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and our Board;
- Devising a policy on Board diversity;
- 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;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- The Nomination and Remuneration Committee shall meet as and when required. The quorum shall consist of at least two members.

## 3. Stakeholders’ Relationship Committee

Our Company has constituted a Stakeholder’s Relationship Committee (“**Stakeholder’s 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 January 5, 2018.

The Stakeholder’s Relationship Committee comprises the following Directors:

Name of the Director	Designation	Nature of Directorship
Renu Mehra	Chairperson	Non Executive Director
Rabindra Behera	Member	Independent Director
Mahesh Chandra Saxena	Member	Independent Director

The Company Secretary and Compliance Officer of our Company would act as the Secretary to the Stakeholder’s Relationship Committee.

The terms of reference of the Stakeholder’s Relationship Committee include the following:

- Considering and resolving grievances of shareholder’s, debenture holders and other security holders;
- Redressal of grievances of the security holders of our Company, including complaints in respect of transfer of shares, no receipt of declared dividends, annual report of our Company etc.;

- c) Allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities;
- d) Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.;
- e) Overseeing requests for dematerialization and rematerialization of Equity Shares; and
- f) Carrying out any other function contained in the Equity Listing Agreement to be entered into between the Company and the stock exchange as and when amended from time to time.

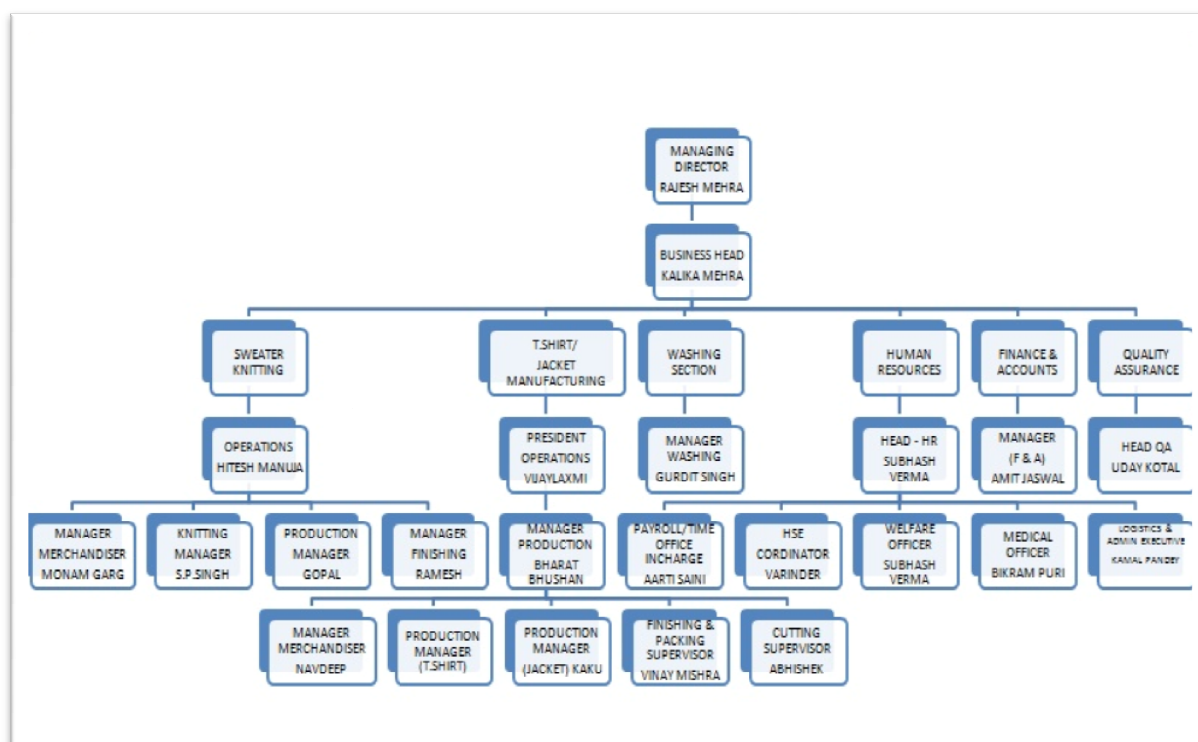
The Stakeholder's Relationship Committee shall meet as and when required. The quorum shall consist of at least two members.

### Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, post listing of our Company's shares on the SME Platform of BSE.

Ms. Avneet Kaur Bedi, Company Secretary and Compliance Officer, is 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

Set forth below are the details of our Key Management Personnel as prescribed under the Companies Act 2013, in addition to Mr. Rajesh Mehra, our Managing Director as on the date of filing of this Prospectus. For details of Mr. Rajesh Mehra, see Brief Profile of our Directors on page 132-133.

1. **Amit Jaswal**, aged 39 years, is the CFO of our Company. He Holds degree of Bachelor of Commerce from University of Punjab. He has experience of over 15 years in finance sector. He has been associated with Company since 2003 and has been appointed as Chief Financial officer with effect from January 05, 2018. His responsibility in our Company include lead the complete accounts team of all departments/units i.e. Manufacturing, Distribution & Retail. Maintain all books of records and bank accounts and preparation of financial Statements. In the fiscal year 2017, he received gross remuneration of Rs. 8.40 Lakhs
2. **Ms. Vijaylaxmi**, aged 41 years, is the Head of T. Shirt & Jakets She holds Post Graduation Professional Diploma Programme in Knitwear Design & Technology from Northern India Institute of Fashion Technology. She has experience of 15 years. She has been associated with our Company since 2006. She is currently Heading two divisions of manufacturing business i.e. Jackets and Circular Knits and responsible for all marketing/sales activities..In the fiscal year 2017, he received gross remuneration of Rs. 15.84 Lakhs.
3. **Mr. Ajay Kumar Gupta**, aged 40 years, is the Head of Design Development –Jackets & T. Shirts. He holds holds two years Post Graduate Diploma Programme in Knitwear Design & Technology from National Institute of Fashion Technology. He has experience of 12 years. He has been associated with our Company since 2005. He looks after all new trims developments for the season, like main label ,tags, branding e.. In the fiscal year 2017, he received gross remuneration of Rs. 10.80 Lakhs.
4. **Mr. Devendra Singh Chauhan**, aged 45 years, is the Distribution head. He has passed XIIth from Uttar Pradesh Board. He has experience of 20 years. He has been associated with our Company since 2002. Currently he is Lead distribution team of all brands "Levi's", "Flying Machine", "Ed Hardy" & "Celios". In the fiscal year 2017, he received gross remuneration of Rs.8.43 Lakhs.
5. **Mr. Hitesh Manuja**, aged 39 years, is the Business Head – Sweaters. He holds degree of Bachelor of Technology (Textile Technology) from Maharshi Dayanand University, Rohtak. He has experience of 15 years. He has been associated with our Company since 2017. He is currently responsible for Operations for Sweater manufacturing division with overall responsibility for marketing & business development. In the fiscal year 2017, he received gross remuneration of Rs. 15.00 Lakhs
6. **Ms. Avneet Kaur**, aged 28 years, is the Whole Time Company Secretary of our Company. She is a qualified Company Secretary and a member of the Institute of Company Secretaries of India. She has experience of approximately one year in the field of corporate compliance. She has been associated with our Company since January 01, 2018. She is currently responsible for the secretarial and legal compliances and matters related thereto of our Company. In Fiscal 2017, she did not receive any remuneration as she has been appointed on and with effect from January 1, 2018. Her gross salary is approx.Rs.2 lakhs p.a

### Relationship between Key Managerial Personnel

None of our Key Managerial Personnel are "related" to each other within the meaning of Section 2 (77) of the Companies Act, 2013.

### Relationships of Directors/Promoters with Key Managerial Personnel

None of our Directors/ Promoters are related with Key Managerial Personnel within the meaning of Section 2 (77) of the Companies Act, 2013 except Mrs Renu Mehra, Director of the company is the wife of the Managing Director.

### Arrangements and understanding with major shareholders

None of our Key Managerial Personnel have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others pursuant to which any of the Key Managerial Personnel have been appointed.

### Shareholding of the Key Managerial Personnel

Other than Rajesh Mehra who hold 57,22,715 equity shares of our Company, none of the Key Managerial Personnel of our Company hold any shares of our Company as on the date of this Prospectus.

### Bonus or Profit Sharing Plan of the Key Managerial Personnel

Our Company has not entered into any Bonus or Profit Sharing Plan with any of our 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**

Our Company has not given any loans and advances to the Key Managerial Personnel as on the date of this Prospectus.

**Service contracts**

Except for the terms set forth in the appointment letters, the key managerial personnel have not entered into any other contractual arrangements or service contracts (including retirement and termination benefits) with the issuer.

**Interest of Key Managerial Personnel**

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any.

Except as disclosed in this Prospectus, none of our Key Managerial Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

**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:

<b>Name of Managerial Personnel</b>	<b>Designation</b>	<b>Date of Event</b>	<b>Reason</b>
Rajesh Mehra	Managing Director	27/11/2017	Appointment
Avneet Kaur Bedi	Company Secretary & Compliance officer	01/01/2018	Appointment
Amit Jaswal	Chief Financial Officer	05/01/2018	Appointment
Hitesh Manuja	Business Head – Sweaters	05/01/2017	Appointment

Other than the above changes, there have been no changes to the Key Managerial Personnel of our Company that are not in the normal course of employment.

**Human Resources**

The details of Manpower as on date areas under:

<b>Sr. No.</b>	<b>Category</b>	<b>No. of employees</b>
2.	Managing Director	1
2.	Non Executive Director & Chairman	1
3.	Independent Director	2
4.	Chief Financial Officer	1
5.	Company Secretary & Compliance Officer	1
6.	Manufacturing Staff	943
7.	Distribution Staff	53
8.	Retail Staff	21
	<b>Total</b>	<b>1023</b>

**Competition**

The industry which we cater to is highly competitive and fragmented and we face competition with various players in the apparel sector. Some of our competitors also have greater marketing and sales strategies and are also financially more competent than us. Further, there are no entry barriers in this industry which would further intensify competition.

**Land and Property**

Our Registered Office is located at E225, Phase VIII B, Industrial Focal Point, Mohali, Punjab – 160055 which is occupied by our Company under Lease agreement dated 17<sup>th</sup> September, 2010 for a period – 99 years lease with PSIEC. The details of all properties are as under:


<b>Location</b>	<b>Title (Leased / Owned / Rental)</b>	<b>Area of Land</b>	<b>Agreement date</b>	<b>Cost of Acquisition (Rs.in lakhs)</b>
Land & Building at E-225, Phase VIII B, Mohali	99 years lease with PSIEC	975 sq. yds	17 <sup>th</sup> Sept, 2010	464.49
Land & Building at Ghel Road, Village Badali Ala Singh, (Dist. Fatehgarh Sahib), Punjab	Owned	3.68 acres	26 <sup>th</sup> November, 2013	2185.87
Land at Punjab Apparel Park, Part B. Plot No. B2, Ludhiana	Owned	566 sq.yds	5 <sup>th</sup> August, 2008	8.11
Total				2658.47


## OUR PROMOTERS AND PROMOTER GROUP

### OUR PROMOTERS


Our Promoters Comprises Rajesh Mehra, Renu Mehra and Rajesh Mehra (HUF).As on the date of this Prospectus, our Promoters holds 1, 14, 07,915 Equity Shares representing 99.84 % of the issued and paid-up EquityShare capital of our Company.

**Brief Profile of our Promoters is as follows:-**

	<b>Mr. Rajesh Mehra</b>	
	<b>Qualification</b>	Diploma in Textile Technology (Weaving) from Punjab Institute of Textile Technology, Amritsar.
	<b>Age</b>	54 Years
	<b>Address</b>	House No. 1062, Phase 5, Part I, Mohali, Punjab, Pin – 160059.
	<b>Experience</b>	30 Years
	<b>Occupation</b>	Business
	<b>Aadhar Card Number</b>	2921-0600-2481
	<b>Passport No.</b>	Z2701654
	<b>Voter's Identification Card No</b>	DFZ3871043
	<b>Permanent Account No.</b>	ADRPM6092L
	<b>No. of Equity Shares held in the Company(% of Shareholding (Pre issue)</b>	57,22,715 Equity Shares (50.08% of Pre-Issue Paid up Capital)
	<b>Other interest</b>	Interest in Other Companies:Nil Partnership Firm :Nil Proprietorship: Nil HUF: Rajesh Mehra (HUF). Trust:Nil

	<b>Mr. Renu Mehra</b>	
	<b>Qualification</b>	Bachelor of Arts from Punjab University
	<b>Age</b>	49 Years
	<b>Address</b>	House No. 1062, Phase 5, Part I, Mohali, Punjab, Pin – 160059
	<b>Experience</b>	25 Years
	<b>Occupation</b>	Business
	<b>Aadhar Card Number</b>	4580-8865-8798
	<b>Passport No.</b>	M9942050
	<b>Voter's Identification Card No</b>	DFZ3871050
	<b>Permanent</b>	AGHPM6231G

	<b>Account No.</b>	
	<b>No. of Equity Shares held in the Company(% of Shareholding (Pre issue))</b>	46,17,700 Equity shares (40.41% of Pre-Issue Paid up Capital)
	<b>Other interest</b>	Interest in Other Companies:Nil Partnership Firm :Nil Proprietorship: Nil HUF: Rajesh Mehra (HUF). Trust:Nil

	<b>Rajesh Mehra HUF – Rajesh Mehra Karta</b>	
	<b>Details</b>	Rajesh Mehra (HUF) is Hindu Undivided Family represented by Rajesh Mehra as its Karta. The Office Rajesh Mehra (HUF) is situated at at House No. 1062, Part I, Phase-V, Mohali, Punjab- 160059. The present members Rajesh Mehra (HUF) are Rajesh Mehra, Renu Mehra and Kalika Mehra. The PAN Number of Rajesh Mehra (HUF) is AAMHR9836F. PAN of Renu Mehra is AGHPM6231Gand Kalika is CUSPM1182M
	<b>Age</b>	54 Years
	<b>Address</b>	House No. 1062, Phase 5, Part I, Mohali, Punjab, Pin – 160059.
	<b>Experience</b>	30 Years
	<b>Occupation</b>	Business
	<b>Aadhar Card Number</b>	2921-0600-2481
	<b>Passport No.</b>	Z2701654
	<b>Voter's Identification Card No</b>	DFZ3871043
	<b>Permanent Account No.</b>	ADRP6092L
	<b>No. of Equity Shares held in the Company(% of Shareholding (Pre issue))</b>	10, 67, 500 Equity Shares representing 9.34 % of the pre-issue paid-up capital of our Company
	<b>Other interest</b>	Interest in Other Companies:Nil Partnership Firm :Nil Proprietorship: Nil Trust:Nil

### Financial Performance

The financial accounts of Rajesh Mehra (HUF) for the last three (3) fiscal years are as follows; The main source of income is the royalty of Rs.6.00 lacs p.a (In Rupees)

Particulars	FY 2017	FY 2016	FY 2015
Capital	1,94,23,375	1,90,40,448	1,84,97,520
Total Income	6,16,927	6,02,948	6,01,173
Net Profit / (Loss) After Tax	5,96,201	5,56,578	5,54,823

## **Other Undertakings and Confirmations**

Our Company undertakes that the details Bank Account Number, Aadhaar Card Number, Passport and PAN of our Promoters will be submitted to the BSE Limited, where the securities of our Company are proposed to be listed at the time of submission of this Prospectus.

No shares for lock-in towards minimum promoter contribution has been offered by SEBI registered Venture Capital Fund, Foreign Venture Capital Investors or Alternate Investment Funds.

## **Common Pursuits of our Promoter Group**

Except as disclosed the chapter titled '*Our Group Entities – Common Pursuits*' beginning on page 147 of this Prospectus, none of the persons belonging to the Promoter Group are having business similar to our business.

## **Interest of our Promoters**

### ***Interest in the promotion of Our Company***

Our Promoters may be deemed to be interested in the promotion of our Company to the extent of the Equity Shares held by them as well as their relatives and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which either they are interested as a director, member or partner. In addition, our Promoters, Rajesh Mehra and Renu Mehra may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable to him under our Articles of Association/terms of appointment.

### ***Interest as a director***

Mr. Rajesh Mehra is the Managing Director of the Company and may also be deemed to be interested of his appointment and reimbursement of expenses payable to him. For further details, please refer to section titled '*Our Management*' beginning on page 131 of this Prospectus.

### ***Interest in the property of our Company***

None of our Promoters have any interest in any property acquired by our Company within two years of the date of this Prospectus or proposed to be acquired by it or in any transaction in acquisition of land, construction of building and supply of machinery etc.

### ***Interest as Member of our Company***

As on the date of this Prospectus, our Promoters collectively holds 1, 14,07,915 (99.84%) Equity Shares in our Company and is therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company.

### ***Payment or Benefit made to our Promoters since incorporation***

No payment has been made or benefit given to our Promoters since incorporation except as mentioned / referred to in this chapter and in the chapters titled "*Our Management*", "*Restated Financial Statements*" and "*Capital Structure*" beginning on 131, 151 & 50 respectively of this Prospectus. Further, as on the date of this Prospectus, there is no bonus or profit sharing plan for our Promoters.

### **Confirmations**

There are no litigations and disputes pending against our Promoters as on the date of this Prospectus. Our Promoters have not been declared a willful defaulter by RBI or any other governmental authority and there are no violations of securities laws committed by our Promoters in the past or are pending against them.

Our Promoters and the members of our Promoter Group have not been debarred from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. None of our Promoters was or also is 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.

### **Changes in our Promoters**

Our Original Promoters were Mr. Adesh Seth, Mrs. Renu Mehra , Mrs. Renu Seth and Mrs. Sudershan Kumari Mehra, who were the subscribers to the MoA of Our Company. Our present Promoters Rajesh Mehra, Renu Mehra, and Rajesh Mehra (HUF) have acquired the equity shares of the Company as disclosed in the paragraph titled “*Details of Shareholding of our Promoters*” under the chapter titled “*Capital Structure*” beginning on page 50 of this Prospectus.

### **Companies / Firms from which any of our Promoter has disassociated himself in last 3 (three) years**

Our Promoters have not disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of this Prospectus.

### **Related Party Transactions**

Except as disclosed in the chapter titled “*Related Party Transactions*” beginning on page 150 of this Prospectus, our Company has not entered into any related party transactions with our Promoters or Promoter Group.

**OUR PROMOTER GROUP**

In addition to the Promoters named above, the following natural persons and entities form part of our Promoter Group in terms of Regulations 2(1) (zb) (ii) of SEBI ICDR Regulations, 2009

**A.Natural Persons who form part of our Promoter Group:**

Relationship	Rajesh Mehra	Renu Mehra
Spouse	Renu Mehra	Rajesh Mehra
Father	Raj Mehra	Late Mr. Baldev Krishan
Mother	Late Mrs. Sudarshan Kumari Mehra	Mrs. Sunita Aggarwal
Brother	N.A	Mr.Sunil Aggarwal
Sister	N.a	Mrs. Rosy Goel
Daughter	Kalika Mehra	Kalika Mehra
Son	N.A	N.A
Spouse's Father	Late Mr. Baldev Krishan	Raj Mehra
Spouse's Mother	Mrs. Sunita Aggarwal	Late Mrs. Sudarshan Kumari Mehra
Spouse's Brother	Mr.Sunil Aggarwal	N.A
Spouse's Sister	Mrs. Rosy Goel	N.A

**B. Companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:**

S.no.	Nature of Relationship	Entity
1	Any Body Corporate in which 10% or more of the share capital held by the promoter or an immediate relative of the promoter or a firm or HUF in which the promoter or any one or more of his immediate relative is a member	Again Lifestyle Private Limited
2	Any Company in which a company mentioned in (1) above, holds 10% or more, of the equity share capital	N.A.
3	Any HUF or Trust or firm in which the aggregate shares of the promoter and his immediate relative is equal to or more than 10% of sharecapital	Rajesh Mehra (HUF)

**C. Relationship of Promoters with our Directors**

Except as disclosed herein, none of our Promoters are related to any of our Company's Directors within the meaning of Section 2 (77) of the Companies Act, 2013.

Names	Rajesh Mehra	Renu Mehra	Mahesh Chandra Saxena	Rabindra Behera
Rajesh Mehra (Promoter/Managing Director)	-	Spouse	-	-
Renu Mehra (Promoter/Director)	Spouse	-	-	-
Mahesh Chandra Saxena	-	-	-	-
Rabindra Behera	-	-	-	-

Other than as stated above there are no relationships between our Promoters and Directors.

## OUR GROUP ENTITIES

Group Companies for Active Clothing Co Limited shall mean companies covered under the applicable accounting standards being AS 18 and other material group companies as considered material by our Board of Directors on the basis of common directorships and/or such companies which are part of the Promoter Group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations.

The details of our Group Entities are provided below:

### 1. Rajesh Mehra (HUF)

#### Corporate Information

Rajesh Mehra (HUF) was constituted on March 23, 1989 with Rajesh Mehra acting as the Karta with Renu Mehra and Kalika Mehra as members. The place of business of Rajesh Mehra (HUF) is situated at House No. 1062, Phase 5, Part I, Mohali, Punjab, Pin – 160059.

#### Financial Performance

The financial accounts of Rajesh Mehra (HUF) for the last three (3) fiscal years are as follows:

(Amt in Rs.)			
Particulars	FY 2017	FY 2016	FY 2015
Capital	1,94,36,400.36	1,90,40,448.49	1,84,97,520.49
Total Income	6,16,927	60,2948	6,01,173
Net Profit / (Loss) After tax	5,96,201	5,56,578	5,54,823

#### Interest of Promoters

Our Promoter, Rajesh Mehra and Renu Mehra are the Karta and Co parcener respectively of Rajesh Mehra (HUF).

### 2. Again lifestyle Pvt. Ltd.

#### Corporate Information

Again Lifestyle Pvt Ltd was originally incorporated as Active Knitwear Pvt Ltd February 29, 2008 under the Companies act, 1956. The Corporate Identification Number is U18101PB2008PTC031719. The Registered Office of the Company is situated at registered office at Ugf-2, Kunal Tower, Mall Road Ludhiana PB 141001 (Punjab). The main object of the is to carry on the business to manufacturer, importer, agent Wholesale and retails dealer of Textile and Hosiery Goods.

#### Board of Directors

Name of Director	Designation
Mr. Mandeep Singh	Director
Mr. Sandeep Kumar Adhiwal	Director

#### Shareholding as on December 31, 2017

Name of Shareholder	No of Shares held	% to the Capital
Ms. Kalika Mehra	15,01,000	99.93
Mrs. Sunita Aggarwal	1,100	0.07
Total	15,02,100	100.00



**3. Financial Information of Again lifestyle Pvt. Ltd.**

Particulars	FY 2017	FY2016	FY2015
Equity Capital	1,50,21,000.00	1,50,21,000.00	1,50,21,000.00
Reserve & Surplus	(24,40,000.19)	(24,06,057.59)	(21,05,486.87)
Total Income	7,10,00,073.63	1,73,200.00	17,33,849.68
Profit After Tax	(33,942.60)	(4,02,388.30)	(99,283.90)
Earning Per Share	0.00	0.00	0.00

**Confirmations**

No equity shares of our Group Entities are listed on any stock exchange and it has not made any public or rights issue of securities in the preceding three years.

Our Promoters and persons forming a part of Promoter Group have confirmed that they have not been declared as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them. Additionally, none of the Promoters and persons forming part of the Promoter Group has been restrained from accessing the capital markets for any reasons by SEBI or any other authorities. Except as disclosed in this chapter, our Group Entities does not have negative net worth as of the date of the respective last three audited financial statements.

None of our Group Entities has remained defunct and no application has been made to the Registrar of Companies for striking of there name from the register of companies, during the five years preceding the date of filing of this Prospectus.

**Litigation**

There are no litigation and dispute pending against our Promoters and our Group Entities.

**Related Party Transaction with the Group Entities and Significance on the Financial Performance of our Company**

For details of the related party transaction, please refer to the chapter titled “*Related Party Transactions*” beginning on page 150 of this Prospectus.

**Sales/Purchases between our Company and Group Entities**

For details of the related party transaction, please refer to the chapter titled “*Related Party Transactions*” beginning on page 150 of this Prospectus. Further, our Company does not have any associate company which exceeds in value aggregating ten percent of the total sales or purchases of our Company.

**Interests of our Promoters and Group Entities**

All our Promoter Group Entities and Group Entities are interested to the extent of their shareholding of Equity Shares from time to time, and in case of our Individual Promoters, to the extent of shares held by their relatives from time to time, for which they are entitled to receive the dividend declared, if any, by our Company. Our Individual Promoters may also benefit from holding directorship in our Company. Our Individual Promoters may also be deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to them under the Articles/ terms of appointment. As on the date of this Prospectus, our Promoters collectively hold 1,14,07,915 Equity Shares of our Company.

Except as stated hereinabove and as stated in “*Annexure S - Related Party Transactions*” under chapter titled “*Financial Information*” beginning on page 151 of this Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Further, except as stated above and as stated otherwise under the paragraph titled “*Shareholding of our Directors*” in the chapter titled “*Our Management*” beginning on page 131 of this Prospectus; in “*Annexure S - Related Party Transactions*” under chapter titled “*Financial Information*” beginning on page 151 of this Prospectus, and under the paragraph titled “*Interest of Directors*” in the chapter titled “*Our Management*” beginning on page 131, our Promoters do not have any other interests in our Company as on the date of this Prospectus.

Further, except as disclosed above and in the audited restated financial statements of our Company under “*Annexure S - Related Party Transactions*” under chapter titled “*Financial Information*” beginning on page 151 of this Prospectus, our Group Entities have no business interest in our Company.

### **Common Pursuits**

Our Group Entities have similar objects to that of our Company’s business as detailed in Risk Factor 16 on page 18.

### **Payment or Benefit to our Group Entities**

Except as stated in the section titled “*Financial Information*” beginning on page 151 of this Prospectus, there has been no payment of benefits to our Group Entities during the past 2 years from the date of this Prospectus.

## **RELATED PARTY TRANSACTIONS**

For details on related party transactions of our Company, please refer to *Annexure S* of restated financial statements under the chapter titled, '*Financial Information*' beginning on page 151 of this Prospectus.

## **DIVIDEND POLICY**

Under the Companies Act, 2013 our Company can pay dividends upon a recommendation by our Board of Directors and approval by the shareholders at the general meeting of our Company. The Articles of Association of our Company give our shareholders, the right to decrease, and not to increase, the amount of dividend recommended by the Board of Directors.

The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends. No dividend shall be payable for any financial except out of profits of our Company for that year or that of any previous financial year or years, which shall be arrived at after providing for depreciation in accordance with the provisions of Companies Act, 2013.

Our Company does not have any formal dividend policy for declaration of dividend in respect of the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and may depend on a number of factors, including the results of operations, earnings, Company's future expansion plans, capital requirements and surplus, general financial condition, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

Our Company has not declared any dividend on the Equity Shares in the past five financial years. Our Company's corporate actions pertaining to payment of dividends in the past are not to be taken as being indicative of the payment of dividends by our Company in the future.

## SECTION VI: FINANCIAL INFORMATION

### RESTATED FINANCIAL STATEMENTS

#### Independent Auditors' Report

(As required by Section 26 of Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014)

To,  
The Board of Directors  
Active Clothing Co. Limited,  
Mohali.

Sir,

2. We have examined the attached Restated Financial Information of M/s. Active Clothing Co Limited (hereinafter referred as “the Company” ), which comprise of the Restated Summary Statement of Assets and Liabilities as at **December 31st, 2017**, financial year ended **31st March, 2017, 31st March, 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013**. The Restated Summary Statements of Profits and Loss and the Restated Summary Statement of Cash Flows for the period ended **December 31st, 2017**, financial year ended **31st March, 2017, 31st March, 2016, 31st March, 2015, 31st March, 2014 and 31st March, 2013** and the Summary of Significant Accounting Policies as approved by the Board of Directors of the Company 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 the applicable provisions within 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, 2009 (“the Regulation”) (“SEBI ICDR Regulations”) as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (“ICDR Regulations”).

The preparation of the Restated Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 8 below. The Management’s responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Rules and ICDR Regulations.

- 2) We have examined such Restated Financial Information taking into consideration:

The terms of reference to our engagement with the Company requesting us to examine financial statements referred to above and proposed to be included in the Prospectus/ Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in SME Platform of BSE/NSE (“IPO” or “SME IPO”); and

The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by ICAI (“The Guidance Note”).

3. These Restated Financial information of the Company have been compiled by the management from the Audited Financial Statements of the Company for the Stub Period ended on December 31, 2017 and financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 which have been approved by the Board of Directors.

4. The Statutory Audit of the Company are for the stub period ended on December 31, 2017 and financial year ended on ended 31 March, 2017, 31 March, 2016, 31 March, 2015, have been conducted by Kapoor Rajesh & Associates and for the financial year ended 31 March, 2014 and 31 March, 2013 by P. K. Goel & Associates and accordingly, reliance has been placed on the financial information examined by them. We have examined the books of account underlying those financial statements and other records of the Company, to the extent considered necessary by us, for the presentation of the Restated Summary Statements under the requirements of Schedule III of the Act.

5. Based on our examination, we report that:

(a) The “**Restated Statement of Assets and Liabilities**” as set out in **Annexure I** to this report, of the Company for the Period ended as at December 31, 2017 and financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 have been arrived at after making such adjustments and regroupings to the individual Financial Statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.

(b) The “**Restated Statement of Profit and Loss**” as set out in **Annexure II** to this report, of the Company for the Period ended as on December 31, 2017 and financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements asset out in **Annexure IV** to this Report.

(c) The “**Restated Statement of Cash Flow**” as set out in **Annexure III** to this report, of the Company for the Period ended as on December 31, 2017 and financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Summary Statements asset out in Annexure IV to this Report.

Based on the above and also as per the reliance placed by us on the audited financial statements of the company and Auditors Report thereon which have been prepared by Statutory Auditor of the Company for the Period ended on December 31, 2017 & financial years ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 we are of the opinion that “**Restated Financial Statements**” or “**Restated Summary Statements**” have been made after incorporating:

- i) Adjustments for any material amounts in the respective financial year have been made to which they relate; and
- ii) There are no Extra-ordinary items except as shown in the **Restated Profit & Loss Statement** of that need to be disclosed separately in the Restated Summary Statements.
- iii) Adjustments on account of the statutory audit qualifications, if any, have been adjusted and regrouped to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.
- iv) Adjustments in Financial Statements have been made in accordance with the correct accounting policies, which includes the impact of provision of gratuity made on actuarial valuation basis in the Restated Financial statements.
- v) The Company has not paid dividend on its equity shares during the reporting period.

6. In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts, We, Jivan Goyal & Co. Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid Certificate No. 007330 dated 01/04/2014 Issued by the “Peer Review Board” of the ICAI.

## 7. Other Financial Information:

a) We have also examined the following financial information as set out in annexure prepared by the Management and as approved by the Board of Directors of the Company for the Period ended on December 31, 2017, financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013.

Restated Statement of Share Capital	Annexure-A
Restated Statement of Reserves and Surplus	Annexure-B
Restated Statement of Long Term Borrowings	Annexure-C
Restated Statement of Deferred Tax (Assets) / Liabilities	Annexure-D
Restated Statement of Long Term Liabilities	Annexure-E
Restated Statement of Short Term Borrowings	Annexure-F
Restated Statement of Trade Payables	Annexure-G
Restated Statement of Other Current Liabilities	Annexure-H
Restated Statement of Short Term Provisions	Annexure-I
Restated Statement of Fixed Assets as per Companies Act, 2013	Annexure-J
Restated Statement of Fixed Assets as per Income Tax Act, 1961	Annexure-J
Restated Statement of Long-Term Loans And Advances	Annexure-K
Restated Statement of Other Non Current Assets	Annexure-L
Restated Statement of Inventory	Annexure-M
Restated Statement of Trade Receivables	Annexure-N
Restated Statement of Cash & Cash Equivalents	Annexure-O
Restated Statement of Short-Term Loans And Advances	Annexure-P
Restated Statement of Revenue From Operations	Annexure-Q
Restated Statement of Other Income	Annexure-Q-1
Restated Statement of Mandatory Accounting Ratios	Annexure-R
Restated Statement of Related Party Transaction	Annexure-S
Restated Statement of Capitalization	Annexure-T
Restated Statement of Tax Shelter	Annexure-U
Restated Statement of Contingent Liabilities	Annexure-V
Restated Statement of Eligibility Certificate	Annexure-W
Restated Statement of Deferred Tax Asset and Liability	Annexure-X
Restated Statement of Reconciliation Statement	Annexure-Y
Restated Statement of Significant Accounting Ratios	Annexure-Z

b) The Restated Financial Information contain all the disclosures required by the SEBI ICDR regulations and partial disclosures as required by Accounting Standards notified under the Companies Act, 1956 of India read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

c) We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2017. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to December 31, 2017.

d) The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.

e) In our opinion, the above financial information contained in Annexure I to Annexure III and Annexure A to Z of this report read along with the Restated Statement of Significant Accounting Policies and related Notes as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Section 26 of the Act, read with the applicable provisions within Rule - 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, the SEBI Regulations, The Revised Guidance Note on Reports in Company Prospectuses 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.

f) Consequently the financial information has been prepared after making such regroupings and retrospective adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

g) The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report, nor should this constructed as a new opinion on any of the financial statements referred to herein.

h) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

i) Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO-SME for Proposed Issue of Equity Shares of the Company and our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

For  
Jiwan Goyal & Co.  
Chartered Accountants  
FRN 012874N

sd/-

Jiwan Goyal  
Partner  
Membership No.  
Date: 18.01.2018  
Place: Bathinda

**ANNEXURE I - RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

(Amount - Rs. in lakhs )

Sr. No.	Particulars	Ann exure	31.12.2017	As at 31 <sup>st</sup> March				
				2017	2016	2015	2014	2013
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>							
<b>1</b>	<b>Shareholders' Funds</b>							
	(a) Share Capital	A	18.73	18.73	18.72	18.72	18.72	10.17
	(b) Reserves and Surplus	B	3092.03	2930.68	2743.27	2582.19	2444.21	1178.00
<b>2</b>	<b>Non-Current Liabilities</b>							
	(a) Long Term Borrowings	C	3375.92	3024.50	3245.85	2196.1	1041.04	1194.04
	(b) Deferred Tax Liabilities (net)	D	4.30	-12.98	0.32	8.43	-6.00	2.82
	(c ) Other Long Term Liabilities	E	92.85	58.03	39.32	24.97	15.25	0
<b>3</b>	<b>Current Liabilities</b>							
	(a) Short Term Borrowings	F	3822.30	3128.10	2491.28	2316.44	2159.43	1683.74
	(b) Trade Payables	G	646.45	1,044.85	507.21	833.71	927.00	414.61
	(c) Other Current Liabilities	H	833.50	806.27	791.35	507.86	267.70	839.40
	(d) Short Term Provisions	I	8.43	0	0	0	25.37	0.94
	<b>TOTAL</b>		<b>11894.51</b>	<b>10998.18</b>	<b>9837.33</b>	<b>8488.43</b>	<b>6892.73</b>	<b>5323.72</b>
<b>II.</b>	<b>ASSETS</b>							
<b>1</b>	<b>Non-current Assets</b>							
	(a)Tangible Assets	J	4719.82	4186.36	4432.92	3722.24	2364.87	1884.78
	(b) Long term loans and advances	K	22.11	23.42	170.39	123.02	149.34	226.10
	(c) Other Non-Current Assets	L	140.00	54.26	49.04	45.36	8.03	142.57
<b>2</b>	<b>Current Assets</b>							
	(a) Inventories	M	3759.67	4259.89	3320.39	3102.01	2508.48	1511.43
	(b) Trade Receivables	N	2,948.76	2,172.56	1,608.50	1,154.16	1,636.88	1,243.57
	(c) Cash and Cash Equivalents	O	168.22	95.31	163.97	74.98	106.13	214.00
	(d) Short Term Loans and Advances	P	135.93	206.38	92.12	266.66	119.00	101.27
	<b>TOTAL</b>		<b>11894.51</b>	<b>10998.18</b>	<b>9837.33</b>	<b>8488.43</b>	<b>6892.73</b>	<b>5323.72</b>



## ANNEXURE II- RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs )

S r · N o .	Particulars	A n n e x u r e	31.12.2017	As at 31 <sup>st</sup> March				
				2017	2016	2015	2014	2013
<b>I</b>	<b>Income</b>							
	Revenue from Operations	Q	9,904.48	11,997.67	11,198.93	11,062.23	10,298.34	8,044.96
	Other Income	R	7.33	7.68	10.37	5.38	10.33	11.32
	<b>Total Revenue (I)</b>		<b>9911.81</b>	<b>12005.35</b>	<b>11209.3</b>	<b>11067.61</b>	<b>10,308.67</b>	<b>8,056.28</b>
<b>I I</b>	<b>Expenses</b>							
	Cost of Material Consumed		4175.99	5646.17	4953.22	5515.03	4391.95	2952.07
	Purchases of stock in Trade		2824.12	3621.75	2713.53	2998.05	4313.28	3591.08
	Changes in Inventories of Stock in Trade		29.26	-715.50	-28.38	-288.38	-655.43	-258.30
	Employee Benefits Expense		1288.13	1600.47	1605.85	1120.21	754.78	548.25
	Finance Costs		552.73	636.37	558.73	389.52	356.01	251.96
	Depreciation		460.29	488.30	566.58	394.84	242.28	246.06
	Other Expenses		330.81	505.95	622.67	717.53	694.44	510.23
	<b>Total Expenses (II)</b>		<b>9661.33</b>	<b>11783.51</b>	<b>10992.20</b>	<b>10846.80</b>	<b>10097.31</b>	<b>7841.35</b>
<b>I I I</b>	<b>Profit/ (Loss) before tax (I - II)</b>		<b>250.48</b>	<b>221.84</b>	<b>217.10</b>	<b>220.81</b>	<b>211.36</b>	<b>214.93</b>
	<b>Tax Expense</b>							
	- Current tax		59.33	49.23	63.78	58.26	73.57	67.41
	- Deferred tax (Asset)/Liability	D	4.30	-12.98	0.32	8.43	-6.00	2.82
<b>I V</b>	<b>Total Tax Expense (IV)</b>		<b>63.63</b>	<b>36.25</b>	<b>64.10</b>	<b>66.69</b>	<b>67.57</b>	<b>70.23</b>
<b>V</b>	<b>Profit/ (Loss) for the year (III - IV)</b>		<b>186.85</b>	<b>185.59</b>	<b>153.00</b>	<b>154.12</b>	<b>143.79</b>	<b>144.70</b>

## ANNEXURE III- RESTATED SUMMARY STATEMENT OF CASH FLOWS

(Rs.in lakhs)

Particulars	31.12.2017	For the year ended 31 <sup>st</sup> March				
		2017	2016	2015	2014	2013
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net Profit before Taxation and Extra Ordinary Items	250.48	221.84	217.10	220.81	211.36	214.93
Add						
-Depreciation	460.29	488.30	566.58	394.84	242.28	246.06
-Interest Income	-6.57	-6.72	-5.18	-3.60	-9.17	-9.50
-Interest & Finance Charges	552.73	636.37	558.73	389.52	356.01	251.96
<b>Operating Profit before Working Capital Charges</b>	<b>1256.93</b>	<b>1339.79</b>	<b>1337.23</b>	<b>1001.57</b>	<b>800.48</b>	<b>703.45</b>
Other Adjustments:						
Add:						
- Increase in Trade Payables	-398.40	537.64	-326.50	-93.29	512.39	60.46
- Short Term Provision	8.43	0.00	0.00	-25.37	24.43	0.94
- Decrease In Inventory	500.22	-939.50	-218.38	-593.53	-997.05	-209.77
- Increase in Other Long Term liabilities	34.82	18.71	14.35	9.72	15.25	0
- Increase in Other current liabilities	27.23	14.92	283.49	240.16	-571.70	499.34
Less:						
- Increase in Long Term Loans & Advances	-1.31	-146.97	47.37	-26.32	-76.76	128.36
- Increase in Short Term Loans & Advances	-70.45	114.26	-174.54	147.66	17.73	48.11
- Increase in Other non current assets	85.74	5.22	3.68	37.33	-134.54	35.77
- Increase in Accounts receivable	776.20	564.06	454.34	-482.72	393.31	296.59
<b>Cash generated/(used) in Operating Activities</b>	<b>-617.88</b>	<b>-904.80</b>	<b>-577.89</b>	<b>-138.26</b>	<b>-1216.42</b>	<b>-157.86</b>
-Income Tax paid	-59.33	-49.23	-64.14	-58.26	-69.58	-67.41
<b>Net Cash generated/(used) in Operating Activities</b>	<b>-677.21</b>	<b>-954.03</b>	<b>-642.03</b>	<b>-196.52</b>	<b>-1286.00</b>	<b>-225.27</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
-Interest Received	6.57	6.72	5.18	3.60	9.17	9.50
Sale of Investments						130.00
Less:						
- Purchase of Fixed Assets	1119.66	422.61	1277.26	1,806.54	726.60	673.69
Add:						
- Disposal/ Capital Subsidy of Fixed Assets	125.89	180.88		44.19	4.22	21.21

Net Cash generated/(used) in Investing Activities	-987.20	-235.01	-1272.08	-1758.75	-713.21	-512.98
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Interest and Finance Charges	-552.73	-636.37	-558.73	-389.52	-356.01	-251.96
Add: Proceeds from Long term borrowings	351.42	-221.35	1049.75	1155.06	-153.00	16.69
Proceeds from Short term borrowings	694.20	636.82	174.84	157.01	475.69	347.76
Increase in Share Capital/Share Premium/Fees	-12.5	1.49			1124.18	
Net Cash generated/(used) in Financing Activities	480.39	-219.41	665.86	922.55	1090.86	112.49
Net increase/ (decrease) in Cash and Cash Equivalents	72.91	-68.66	88.98	-31.15	-107.87	77.69
Cash and Cash Equivalents at the beginning of the year	95.31	163.97	74.98	106.13	214.00	136.31
Cash and Cash Equivalents at the end of the year	168.22	95.31	163.97	74.98	106.13	214.00

**Cash and Cash Equivalents include:**

(Amount Rs.in lakhs)

Particulars	31.12.2017	As at 31 <sup>st</sup> March				
		2017	2016	2015	2014	2013
<b>Balances with Banks</b>						
- In Current Accounts	124.92	57.08	137.91	58.00	64.80	190.14
- FDR with less then 12 months maturity	32.32	31.31	7.48	6.11	14.06	0.00
Cheques in Hand	2.00		0.00	0.39	5.00	0.01
Others-Credit Cards	0.66		1.07	1.07	2.00	2.86
Cash in hand	8.32	6.92	17.51	9.41	20.27	20.99
<b>TOTAL</b>	168.22	95.31	163.97	74.98	106.13	214.00

## **ANNEXURE IV- RESTATED STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO RESTATED SUMMARY STATEMENTS**

### **A. BACKGROUND**

The Company was originally incorporated in the name and style of “Active Clothing Co. Private Limited” (“the company”) at Chandigarh on February 27, 2002 as a private limited company under the Companies Act, 1956 with the Registrar of Companies, Punjab and Chandigarh, bearing Corporate Identification Number (CIN) U51311CH2002PTC24970. The Company vide the CLB Order, New Delhi dated January 06, 2009 changed it’s Registered Office to State of Punjab and was issued a new CIN: U51311PB2002PTC033422.

Subsequently the Company was converted to a public limited Company pursuant to shareholders resolution passed at the Extra-ordinary General Meeting held on 16th December, 2017 and the name of Company was changed to ‘Active Clothing Co. Limited’. A fresh certificate of incorporation consequent upon conversion to public limited Company was issued by the Registrar of Companies, Chandigarh on December 29, 2017 bearing Corporate Identification number U51311PB2002PLC033422.

### **B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Restated Summary Statement of Assets and Liabilities of the Company as on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the Restated Summary Statement of Profit and Loss and Restated Summary Statements of Cash Flows for the stub period ended on December 31, 2017 and financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the annexure thereto (collectively, the “**Restated Financial Statements**” or “**Restated Summary Statements**”) have been extracted by the management from the Financial Statements of the Company for the stub period ended on December 31, 2017 and financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013.

The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of Companies (Accounts) Rules, 2014).

#### **2. USE OF ESTIMATES**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities, if any, as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized.

#### **3. FIXED ASSETS**

Fixed assets are stated at cost of acquisition less accumulated depreciation and include adjustment arising from exchange rate variations attributable to fixed assets. In case of fixed assets acquired for new projects/expansion

certain direct expenses incurred upto the date of completion of project are capitalized and expenditure for maintenance and repairs are charged to the profit and loss account, when assets are sold or discarded their cost and accumulated depreciation are removed from the accounts and any gain or resulting from their disposal is included in the profit and loss account. When the fixed assets are revalued any surplus on revaluation is credited to the revaluation reserve account.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Projects under which assets are not ready for their intended use are shown as Capital Work-in-Progress. Cost includes cost of land, materials, construction, services, borrowing costs and other overheads relating to projects.

Intangible assets are stated at acquisition cost, Net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives.

#### **4. DEPRECIATION**

##### **Tangible Fixed Assets**

Depreciation on Fixed assets is provided on Written down Value Method over the lives and in the manner specified in Schedule-II to the Companies Act, 2013, read with the relevant circulars issued by the Department of Corporate Affairs from time to time. Depreciation on the assets added/disposed of during the year has been provided on prorata basis with reference to the month of addition/disposal.

Useful Life of Assets has been assumed as under:

<b>Particulars</b>	<b>Life in years</b>
Buildings-RCC Frame Structure	60
Buildings-Other then RCC Frame Structure	30
Plant and Machinery (No. of Shifts:1)	15
Furniture and fittings	10
Motor Vehicles	8
Office Equipment	5
Computers and Data Processing Equipment	3
Lab Equipment	10

#### **5. BORROWING COSTS**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

#### **6. IMPAIRMENT OF ASSETS**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount then asset is treated as impaired. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. If as on the Balance Sheet date there is an indicator that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. No asset of the company is impaired.

## **7. INVESTMENTS**

Investments that are readily realizable and intended to be held but not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are stated at cost, except where there is diminution in value (other than temporary), in which case the carrying value is reduced to recognize the decline. Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.

## **8. INVENTORIES**

Raw materials, stores, spares, tools & packing material is valued at cost or net realizable value whichever is less. Work in process & finished goods are valued at cost or market value whichever is less.

## **9. REVENUE RECOGNITION**

Sales are accounted for at the time of issuance of bills/invoices to the customers. Revenue in respect of export incentives is recognized on post export basis.

## **10. FOREIGN CURRENCY TRANSACTIONS**

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction and any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of profit and Loss except in case where they relate to acquisition of fixed assets, are adjusted with the carrying cost of such assets.

## **11. EMPLOYEE BENEFITS**

### **Provident Fund - Defined Contribution Plan**

- I. Contribution as required by the Statute made to the Government Provident Fund is debited to Profit & Loss Account.
- II. Leave encashment and accumulation of Leave is paid by the Company as per provisions of Labor Law.
- III. Short Term Employee Benefits, if any, are paid along with salary and wages on a month to month basis, bonus to employees are charged to profit and loss account on the basis of actual payment on year to year basis.

## **12. ACCOUNTING FOR TAXES ON INCOME**

Provision for taxation has been duly made under the Income Tax Act, 1961. Deferred tax is recognized for all timing differences. Deferred tax assets are carried forward to the extent it is reasonably / virtually certain that future taxable profit will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each balance sheet date and written down/written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the balance sheet date. Sale Tax Liabilities are accounted for on the basis of Sales Tax returns filed by the Company. Additional Liability, if any arises at the time of assessment, will be accounted for in the year of finalization of the assessment.

## **13. CONTINGENT LIABILITIES AND PROVISIONS**

- i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:
- a. the Company has a present obligation as a result of a past event ;
  - b. a probable outflow of resources embodying economic benefits is expected to settle the obligation ;  
and
  - c. the amount of the obligation can be reliably estimated

ii) Contingent liability is disclosed in case there is:

(a) (i) possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise ; or

(ii) a reliable estimate of the amount of the obligation cannot be made.

(b) a present obligation arising from past events but is not recognized

(i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation ; or

(ii) a reliable estimate of the amount of the obligation cannot be made.

#### **14. EARNINGS PER SHARE:**

The Company reports basic Earnings per Share (EPS) in accordance with Accounting Standard 20 on Earnings per Share. Basic EPS is computed by dividing the net profit or loss for the year by weighted average number of equity shares outstanding during the year.

#### **15. CASH FLOW:**

In the cash flow statement, cash and cash equivalents includes cash in-hand, demand deposits with banks, other short term highly liquid investments.

#### **16. SEGMENT REPORTING:**

##### **(i) Business Segment**

(a) The business segment has been considered as the primary segment.

(b) The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.

(c) The Company's primary business comprises of manufacturing and trade of cloth and garments and since it is the only reportable segment as envisaged in Accounting Standard 17 'Segment Reporting'. Accordingly, no separate disclosure for Segment reporting is required to be made in the financial statements of the Company.

##### **(ii) Geographical Segment**

The Company operates in one Geographical Segment namely "within India" and hence no separate information for geographic segment wise disclosure is required.

#### **C. CHANGES IN ACCOUNTING POLICIES IN THE PERIODS / YEARS COVERED IN THERE STATED FINANCIALS**

There is change in significant accounting policies adopted by the Company, the details of which are as under:

The Company did not provide gratuity based on the requirement of AS -15 (Revised), therefore during the restatement, provision for gratuity have been done as per provisions of the Act and accordingly provisions in respective year were adjusted to comply with the requirement of AS-15 (Revised).

**D. NOTES ON RESTATEMENTS MADE IN THE RESTATED FINANCIALS**

1.The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

Particulars	2017-17	2016-17	2015-16	2014-15	2013-14	2012-13
	1.The amounts recognized in the Balance Sheet are as follows:					
Present value of unfunded obligations Recognized	0	0	0	0	0	0
Net Liability	0	0	0	0		0
	2.The amounts recognized in the Profit & Loss A/c are as follows:					
Current Service Cost	0	0	0	0	0	0
Interest to Defined Benefit obligation	0	0	0	0	0	0
Net Actuarial Losses / (Gains) Recognized in Year	0	0	0	0	0	0
Past Service Cost	0	0	0	0	0	0
Total, Included in "Salaries, Allowances & Welfare"	0	0	0	0	0	0
	3.Changes in the present value of defined benefit obligation:					
Defined benefit obligation as at the beginning of the year/ period	0	0	0	0		0
Provision for Gratuity	2.81	18.71	14.35	9.72	15.25	0
Service cost	0	0	0	0	0	0
Interest cost	0	0	0	0	0	0
Actuarial Losses/ (Gains)	0	0	0	0	0	0
Past Service Cost	0	0	0	0	0	0
Defined benefit obligation as at the end of the year/ period	60.84	58.03	39.32	24.97	15.25	0
	Benefit Description					
Benefit type:		Gratuity Valuation as per Act				
Retirement Age:		NA				
Vesting Period:		NA				
Particulars	2017-17	2016-17	2015-16	2014-15	2013-14	2012-13
	The principal actuarial assumptions for the above are: NA					

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.Employee benefits (AS15):**

The Company has adopted the Accounting Standard 15 (revised 2005) on Employee Benefits as per actuals calculated in restated financials. The disclosures as envisaged under the standard are as under:- Stub Period is included.



#### **4.SEGMENT REPORTING:**

##### **(i) Business Segment**

- a) The business segment has been considered as the primary segment.
- b) The Company's primary business segment are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.
- c) The Company's primary business comprises of manufacturing and trade of cloth and garments and since it is the only reportable segment as envisaged in Accounting Standard 17 'Segment Reporting'. Accordingly, no separate disclosure for Segment reporting is required to be made in the financial statements of the Company.

##### **(ii) Geographical Segment**

The Company operates in one Geographical Segment namely "within India" and hence no separate information for geographic segment wise disclosure is required.

#### **5. Change in Accounting Estimate**

In Restated financials the Company has calculated the depreciation based on the rates given in Schedule II of the Companies Act, 2013 as above. In respect of assets whose useful life had already exhausted as on 1 April 2015, Company had already adjusted in Reserves and Surplus in accordance with requirements of Para 7 of Part C of Schedule II of the Act.

#### **6. Provisions, Contingent Liabilities and Contingent Assets (AS29)**

Contingent liabilities and commitments (to the extent not provided for). There are no contingent liabilities as on December 31, 2017.

#### **7. Related Party Disclosure (AS18)**

Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure – S of the enclosed financial statements

#### **8. Accounting For Taxes on Income (AS22)**

Deferred Tax liability/Asset in view of Accounting Standard-22: "Accounting for Taxes on Income" as at the end of the year/period is reported as per Annexure-X

#### **9. Earnings Per Share (AS20):**

Earnings per Share have been calculated is already reported in the enclosed financial statements.

#### **10.MATERIAL ADJUSTMENTS[AS PER SEBI(ICDR)REGULATIONS, 2009]**

Appropriate adjustments have been made in the restated financial statements, whenever required, by reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to ensure consistency and compliance with requirement of Company Act 1956, and as replaced by Company Act, 2013 after 01st April 2014 and Accounting Standards.

The Summary of results of restatements made in the audited financial statements of the Company for the respective period / years and their impact on the profit / (loss) and assets and liabilities of the Company is as under.

#### **Statement of adjustments in the Financial Statements**

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years/ period and its impact on the profit & loss of the company.

**1. Statement of Profit and Loss after Tax - Table -1 as per Annexure-Y**

**a) Adjustment on account of provision for Gratuity:**

The Company did not provide gratuity based on the requirement of AS -15 (Revised), therefore during the restatement, provision for gratuity have been done as per the provisions of the Act in respective year were adjusted to comply with the requirement of AS-15 (Revised).

**b) Accounting of Depreciation (AS -10)**

Depreciation on Fixed assets is provided on Written down Value Method over the lives and in the manner specified in Schedule-II to the Companies Act, 2013, read with the relevant circulars issued by the Department of Corporate Affairs from time to time.

**c) Adjustment on account of Provision of Deferred Tax:**

Due to changes in Provision for Gratuity, etc., the Company liability and deferred tax assets at the rate of normal Tax rate applicable at the end of relevant year.

**d) Accounting of Excess Depreciation prior to 31.03.2012: Nil**

**e) Adjustment on account of accounting of Pre-operative expenses and Preliminary Expenses – NA**

**f) Adjustment on account of wrong accounting of revaluation reserve: Nil**

**11. Realizations:**

In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets, loans and advances will, in the ordinary course of business. These of business, not be less than the amounts at which they are stated in the Balance sheet.

**12. Contractual liabilities**

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

**13. Amounts in the financial statements**

Amounts in the financial statements are in Lacs.

For Jiwan Goyal & Co.  
Chartered Accountants  
FRN 012874N

sd/-

Jiwan Goyal  
Partner  
Membership No.091937  
Date: 18.01.2018  
Place: Bathinda

## ANNEXURE A – STATEMENT OF RESTATED SHARE CAPITAL

(Amount - Rs.in lakhs)

Equity Share Capital	31.12.2017	As at 31 <sup>st</sup> March				
		2017	2016	2015	2014	2013
Authorised Share Capital	1600.00	25.00	25.00	25.00	25.00	25.00
No. of Equity Shares of Rs. 10 each	160,00,000	2,50,000	2,50,000	2,50,000	2,50,000	2,50,000
Issued, Subscribed & Paid Up Share Capital (fully paid up)	18.73	18.73	18.72	18.72	18.72	10.17
No. of Equity Shares of Rs. 10 each	1,87,315	1,87,315	1,87,215	1,87,215	1,87,215	1,01,715

## Reconciliation of number of shares outstanding at the end of the year

Particulars	31.12.2017	As at 31 <sup>st</sup> March				
		2017	2016	2015	2014	2013
<i>Equity Shares of Rs. 10/- each</i>						
At the beginning of the year	1,87,315	1,87,215	1,87,215	1,87,215	1,01,715	1,01,715
Add: Issued during the year/period	0	100	0	0	85,500	0
<b>At the end of the year</b>	<b>1,87,315</b>	<b>1,87,315</b>	<b>1,87,215</b>	<b>1,87,215</b>	<b>1,87,215</b>	<b>1,01,715</b>

## Details of Shareholders holding more than 5% shares of the Company

Name of Shareholder	No. of Shares held	As at 31 <sup>st</sup> March									
		2017		2016		2015		2014		2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Renu Mehra	75700	75700	40.43	75700	40.43	75700	40.43	75700	40.43	38700	38.05
Sudersha n Kumari Mehra	-	-	-	-	-	31450	16.80	31450	16.80	25750	25.32
Rajesh Mehra	93915	93915	50.16	93915	50.16	56590	30.22	56590	30.22	17365	17.07
Kalika Mehra	-	-	-	-	-	-	-	-	-	5875	5.78
Rajesh Mehra (HUF)	17500	17500	9.34	17500	9.34	17500	9.34	17500	9.34	9800	9.63
<b>TOTAL</b>	<b>187115</b>	<b>187115</b>	<b>99.93</b>	<b>187115</b>	<b>99.93</b>	<b>181240</b>	<b>96.79</b>	<b>181240</b>	<b>96.79</b>	<b>97490</b>	<b>95.85</b>

## Notes:

## 1. Terms/rights attached to equity shares:

- The company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts.  
The amount distributed will be in proportion to the number of equity shares held by the shareholders.

**ANNEXURE B- STATEMENT OF RESTATED RESERVES & SURPLUS**

(Amount in Rs.)

Particulars	31.12.2017	As at 31 <sup>st</sup> March (In Lakh)				
		2017	2016	2015	2014	2013
<b>Securities Premium</b>						
Balance as per last Financial Statements	1426.16	1424.68	1424.68	1424.68	309.05	309.05
Add:- Received during the year	0	1.48			1115.63	0.00
Closing Balance	1426.16	1426.16	1424.68	1424.68	1424.68	309.05
<b>Surplus Balance in Profit &amp; Loss</b>						
Balance as per last Financial Statements	1504.52	1318.58	1157.49	1019.52	868.95	723.81
Add:- Profit during the year trf from Profit & Loss a/c	250.48	221.84	217.11	220.81	211.36	214.93
- Deferred Tax	-12.98	0.32	8.43	-6.00	2.82	0.44
- Income Tax Refund					3.97	

**ANNEXURE C- STATEMENT OF RESTATED LONG TERM BORROWINGS**

(Amount in Rs.)

Particulars	31.12.2017	As at 31 <sup>st</sup> March (In Lakh)				
		2017	2016	2015	2014	2013
<b>LONG TERM BORROWINGS</b>						
From Banks (Secured)	2024.50	1,757.48	1,856.38	514.11	730.66	221.83
From Others						
- Related Parties/ Directors	464.31	957.06	769.55	618.25	59.49	599.67
- Deferred Payment Liabilities	887.11	309.96	619.92	1,063.74	250.89	372.54
<b>TOTAL</b>	3375.92	3024.50	3245.85	2196.10	1041.04	1194.04

1. The terms and conditions and other information in respect of Banks as on 31.12.2017 are given in Annexure -C (A)
2. The terms and conditions and other information in respect of borrowings from Related Parties / Directors as on 31.12.2017 are given in Annexure - C (B)
3. The terms and conditions and other information in respect of Deferred Payment liabilities as on 31.12.2017 are given in Annexure - C (C)

**ANNEXURE C(A)**  
**Terms and conditions and other information in respect of Banks as on 31.12.2017**

ANNEXURE C(A)							
Terms and conditions and other information in respect of Banks as on 31.12.2017 are given in Annexure -C (A)							
							In Lakhs
Name of Lender	Purpose	Sanctioned Amount	Rate of Interest	Repayment Schedule	Moratorium		Outstanding as on 31.12.2017
HDFC Bank	Vehicle Loan	8.43	8.45%	0.17	Nil		7.74
HDFC Bank	Vehicle Loan	4.20	11.01%	0.11	Nil		2.50
HDFC Bank	Vehicle Loan	24.00	9.35%	0.77	Nil		11.49
HDFC Bank	Vehicle Loan	14.13	9.52%	0.36	Nil		9.73
HDFC Bank	Term Loan	222.90	9.40%	2.44	Nil		213.85
Indian Overseas Bank	Term Loan	376.00	10.75%	6.27	Nil		149.39
Indian Overseas Bank	Term Loan	500.00	10.75%	14.00	Nil		26.63
Indian Overseas Bank	Term Loan	2600.00	10.75%	29.56	Nil		2027.67
Indian Overseas Bank	Term Loan	653.00	12.05%	1.86	Repayment to start from July 2018		100.56
Indian Overseas Bank	Term Loan	98.00	10.75%	1.63	Repayment to start from July 2019		0.01
							2549.55
Less: Current Liabilities of Long term Debts as per annexure-H of Long term Liabilities from Bank (Secured)- Annexure C							525.04
							<b>2024.51</b>

Vehicle Loans from HDFC Bank are secured against hypothecation of the vehicles and guaranteed by Directors.

Term Loans from Indian Overseas Bank

Prime security

i) First Exclusive charge on the entire plant & machinery and other fixed assets excluding vehicles.

ii) Equitable Mortgage of land and building at Vill Badali, Ala Singh, Distt Fathegarh Sahib.

Collateral Security

i) Equitable Mortgage of plot at Punjab Apparel Park, Ludhiana.

ii) Equitable Mortgage of lease hold land and building situated at E-225, Industrial Area, Phase-VIII-B, Mohali.

iii) Guarantees of Promoter directors.

## ANNEXURE C(B)

The terms and conditions and other information in respect of borrowings from Related Parties / Directors as on 31.12.2017

Rs. In Lakhs

Name of Lender	Relation with Company	Purpose	Rate of Interest	Outstanding as on 31.12.2017
Harish Mehta HUF	Shareholder	Expansion of Business	12%	150.00
Rahul Aggarwal & Sons HUF	Shareholder	Expansion of Business	13%	130.26
Rajesh Mehra HUF	Shareholder	Expansion of Business	NIL	11.20
Rajesh Mehra	Director	Expansion of Business	NIL	31.79
Renu Mehra	Director	Expansion of Business	NIL	18.26
Again Lifestyle Pvt Ltd.	Corporate	Expansion of Business	NIL	122.80

## ANNEXURE C(C)

The terms and conditions and other information in respect of Deferred Payment liabilities as on 31.12.2017

Name of Supplier	Purpose	Security	Rate of Interest	Repayment Schedule	Outstanding as on 31.12.2017 (In Rs)	In Foreign Currency	Amount In foreign Currency
Kauo Heng Precision Machinery Indl. Co. Ltd.	Machinery	Against one year LC	NIL	13.09.2018	3,495,350	US \$	53000.00
Stoll Financial Services GMBH	Machinery	Clean Credit	NIL	as per schedule	71,917,865	US \$	1097040.00
Fukuhara Industrial And Trading Co. Ltd	Machinery	Against one year LC	NIL	06.07.2019	13,297,500	JPY	22500000.00

Repayment Schedule of Stoll Financial Services GMBH-	04.08.2018	US \$	34575.00
	27.08.2018	US \$	23040.00
	22.10.2018	US \$	15535.00
	31.01.2019	US \$	69135.00
	23.02.2019	US \$	46090.00
	20.04.2019	US \$	31045.00
	30.07.2019	US \$	69135.00
	22.08.2019	US \$	46090.00
	17.10.2019	US \$	31045.00
	26.01.2020	US \$	69135.00
	18.02.2020	US \$	46090.00
	14.04.2020	US \$	31045.00
	24.07.2020	US \$	69135.00
	16.08.2020	US \$	46090.00
	11.10.2020	US \$	31045.00
	20.01.2021	US \$	69135.00
	09.04.2021	US \$	31045.00
	19.07.2021	US \$	69135.00
	11.08.2021	US \$	46090.00
	06.10.2021	US \$	31045.00
	12.12.2021	US \$	46090.00
	15.01.2022	US \$	69135.00
	07.02.2022	US \$	46090.00
	04.04.2022	US \$	31045.00
Total			1097040.00
<b>Total Deferred Payment Liabilities</b>			<b>88,710,715</b>

## ANNEXURE D- STATEMENT OF RESTATED DEFERRED TAX

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. In Lakhs)				
		2017	2016	2015	2014	2013
<b>Deferred Tax Assets</b>		12.98			6.00	
<b>Deferred Tax Liabilities</b>						
	4.30		0.32	8.43		2.82
<b>TOTAL</b>	<b>4.30</b>	<b>-12.98</b>	<b>0.32</b>	<b>8.43</b>	<b>-6.00</b>	<b>2.82</b>

## ANNEXURE E- STATEMENT OF RESTATED OTHER LONG TERM LIABILITIES

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. In Lakhs)				
		2017	2016	2015	2014	2013
<b>Other Long term Liabilities</b>						
Provision for Employee benefits						
Gratuity	60.84	58.03	39.32	24.97	15.25	0.00
Securities from customers	32.01					
<b>TOTAL</b>	<b>92.85</b>	<b>58.03</b>	<b>39.32</b>	<b>24.97</b>	<b>15.25</b>	<b>0.00</b>

## ANNEXURE F- STATEMENT OF RESTATED SHORT TERM BORROWINGS

Particulars	31.12.2017	As at 31 <sup>st</sup> March ( Rs. In Lakhs )				
		2017	2016	2015	2014	2013
<b>Secured Loans, Repayable on demand</b>						
- From Banks	3822.30	3128.10	2491.28	2316.44	2159.43	1683.74
<b>TOTAL</b>	<b>3822.30</b>	<b>3128.10</b>	<b>2491.28</b>	<b>2316.44</b>	<b>2159.43</b>	<b>1683.74</b>



**ANNEXURE G- STATEMENT OF RESTATED TRADE PAYABLES**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. In Lakhs)				
		2017	2016	2015	2014	2013
Sundry Creditors	646.45	1044.85	469.68	833.71	927.00	414.61
Sundry Creditors - Capital Goods			37.53			
<b>TOTAL</b>	<b>646.45</b>	<b>1,044.85</b>	<b>507.21</b>	<b>833.71</b>	<b>927.00</b>	<b>414.61</b>

**ANNEXURE H- STATEMENT OF RESTATED OTHER CURRENT LIABILITIES**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. In Lakhs)				
		2017	2016	2015	2014	2013
Advance from Customers	19.88	19.32	4.09	2.22	4.87	1.50
Other Payables	219.39	159.82	117.58	158.74	120.27	144.74
Statutory Authorities	69.19	14.41	24.50	21.42	24.18	20.70
Current maturities of Long term debts	525.04	612.72	645.18	325.48	118.38	672.46
<b>TOTAL</b>	<b>833.50</b>	<b>806.27</b>	<b>791.35</b>	<b>507.86</b>	<b>267.70</b>	<b>839.40</b>

**ANNEXURE I - STATEMENT OF RESTATED SHORT TERM PROVISIONS**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. In Lakhs)				
		2017	2016	2015	2014	2013
Provision for Income Tax (Net of TDS)	8.43	0			25.37	0.94
<b>TOTAL</b>	<b>8.43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25.37</b>	<b>0.94</b>

## Annexure J – Depreciation of Assets

Sr. No	Particulars	Gross Block				Depreciation				Net Block	
		Opening Balance	Additions Upto 30.09.12	Additions After 30.09.12	Disposals	Closing Balance	Opening Balance	Depreciation of the year	Total Depreciation	WDV as on 31.03.2012	WDV as on 31.03.2013
(I)	<b>Tangible Assets</b>										
a	Land	12935834.00	0.00	0.00	0.00	12935834.00	0.00	0.00	0.00	12935834.00	12935834.00
b	Buildings	46893503.06	2276751.83	2948930.27	0.00	52119185.16	5626987.43	4353848.00	9980835.43	41266515.63	42138349.73
c	Plant and Equipments	69594136.17	488300.00	49162355.13	0.00	119244791.30	11740423.19	13475770.00	25216193.19	57853712.98	94028598.11
d	Misc Assets										
	ARDC	9424805.84	0.00	0.00	0.00	9424805.84	0.00	0.00	0.00	9424805.84	9424805.84
	Furnitures & Fitting	13465612.25	1173884.00	2053450.71	2103901.00	14589045.96	3936337.95	1956055.00	5892392.95	9529274.30	8696653.01
	Office Equipments	7986784.23	1042420.00	3204840.00	17500.00	12216544.23	2811846.18	1244616.00	4056462.18	5174938.05	8160082.05
	Others	882042.13	3369632.94	229675.00	0.00	4481350.07	128006.75	497837.00	625843.75	754035.38	3855506.32
	Vehicles	16294032.68	1420000.00	0.00	0.00	17714032.68	5397260.03	3078357.00	8475617.03	10896772.65	9238415.65
	<b>TOTAL</b>	<b>177476750.4</b>	<b>9770988.77</b>	<b>57599251.11</b>	<b>2121401.00</b>	<b>242725589.24</b>	<b>29640861.53</b>	<b>24606483.00</b>	<b>54247344.53</b>	<b>147835888.83</b>	<b>188478244.71</b>

Sr. No	Particulars	Gross Block			Depreciation				Net Block	
		Opening Balance	Additions during the year	Disposals	Closing Balance	Opening Balance	Depreciation of the year	Total Depreciation	WDV as on 31.03.2013	WDV as on 31.03.2014
(I)	<b>Tangible Assets</b>									
a	Land	12935834.00	0.00	0.00	12935834.00	0.00	0.00	0.00	12935834.00	12935834.00
b	Buildings	52119185.16	0.00	0.00	52119185.16	9980835.43	4213835.00	14194670.43	42138349.73	37924514.73
c	Plant and Equipments	119244791.30	10320743.42	0.00	129565534.72	25216193.18	13604813.60	38821006.78	94028598.11	90744527.94
d	Misc Assets									
	ARDC	9424805.84	0.00	0.00	9424805.84	0.00	0.00	0.00	9424805.84	9424805.84
	Furnitures & Fitting	14589045.96	396393.00	0.00	14985438.96	5892392.95	1642500.42	7534893.37	8696653.01	7450545.59
	Office Equipments	12216544.23	275652.00	0.00	12492196.23	4056462.18	1415934.85	5472397.03	8160082.05	7019799.20
	Others	4481350.07	0.00	0.00	4481350.07	625843.75	536302.00	1162145.75	3855506.32	3319204.32
	Vehicles	17714032.68	2600587.00	422266.00	19892353.68	8475617.03	2814852.88	11290469.91	9238415.65	8601883.77
	<b>Total</b>	<b>242725589.2</b>	<b>13593375.42</b>	<b>422266</b>	<b>255896698.7</b>	<b>54247344.52</b>	<b>24228238.75</b>	<b>78475583.27</b>	<b>188478244.7</b>	<b>177421115.4</b>

II)	<b>Intangible Assets</b>									
III)	<b>CAPITAL WORK IN PROGRESS</b>									
	Unit-II - At Ala Singh, Distt, Fatehgarh Sahib									
a	Land	0.00	35952500.00	0.00	35952500.00	0.00	0.00	0.00	0.00	35952500.00
a	Building Under Constr	0.00	21225836.00	0.00	21225836.00	0.00	0.00	0.00	0.00	21225836.00
b	Machinery Under Inst	0.00	1887992.10	0.00	1887992.10	0.00	0.00	0.00	0.00	1887992.10
	<b>TOTAL</b>		<b>59066328.10</b>	<b>0.00</b>	<b>59066328.10</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>59066328.10</b>

Sr. No	Particulars	Original Cost	Addition during the year	Disposal/ transfer/ Subsidy	Closing Balance as on 31.03.2015	Salvage Value	Depreciable amount over whole life	Dep. Charged upto 31.03.2014	Depreciation Chargeable over the remaining useful life	WDV As On 31.03.2014	Dep. For The Year	Transferred To P&L Appropriation Account	WDV as on 31.03.2015
(I)	<b>Tangible Assets</b>												
a	Land	12935834.00	0.00	0.00	12935834.00	0.00	0.00	0.00	0.00	12935834.00	0.00	0.00	12935834.00
b	Buildings	52119185.16	0.00	0.00	52119185.16	2605960.00	49513225.16	14194671.14	35318554.02	37924514.02	1752839.04	0.00	36171674.98
c	Plant & Equipment	138690494.65	656512.00	4419000.00	134928006.65	6746406.00	128181600.65	38521163.89	89660436.76	100169330.76	19780915.67	0.00	76625927.08
d	Misc Assets												
	Furnitures & Fitting	12859412.39	0.00	0.00	12859412.39	642972.00	12216440.39	5408867.42	6807572.97	7450544.97	2110287.77	0.00	5340257.20
	Office Equipments	12442920.99	296625.00	0.00	12739545.99	636987.00	12102558.99	5383531.84	6719027.15	7059389.15	3774928.19	927440.48	2653645.48
	Others	4444007.06	0.00	0.00	4444007.06	222202.00	4221805.06	1164387.70	3057417.36	3279619.36	1851202.18	87092.13	1341325.05
	Vehicles	19207883.02	0.00	0.00	19207883.02	960394.00	18247489.02	10605999.89	7641489.13	8601883.13	3086174.62	0.00	5515708.51
Unit 2													
a	Land		3820888.00		3820888.00								3820888.00
b	Building	0.00	36324772.58	0.00	36324772.58	1816238.63	34508533.95	0.00	0.00	0.00	1468998.19	0.00	34855774.39
c	Plant and Equipments	0.00	141879786.81	0.00	141879786.81	7093989.34	134785797.47	0.00	0.00	0.00	5417270.30	0.00	136462516.50
d	Misc.Fixed Assets												
	Electricals	0.00	1542981.67	0.00	1542981.67	77149.08	1465832.59	0.00	0.00	0.00	56756.12	0.00	1486225.55
	Office Equipments	0	437847.03	0.00	437847.03	21892.35	415954.68	0.00	0.00	0.00	52166.09	0.00	385680.94
	Others	0.00	1322613.59	0.00	1322613.59	66130.68	1256482.91	0.00	0.00	0.00	132061.77	0.00	1190551.82
	<b>Total</b>	252699737.27	220670026.68	4419000.00	468950763.95	20890321.08	396915720.87	75278621.89	149204497.38	177421115.38	39483599.93	1014532.61	353174009.51
(II)	<b>CAPITAL WORK IN PROGRESS</b>												
a	Land	35952500.00		35952500.00						35952500.00			
b	Building	21225836.00	13717843.01	21225836.00	13717843.01					21225836.00			13717843.01
c	Machinery	1887992.10		1887992.10						1887992.10			
	Boiler		1012605.76	0.00	1012605.76								1012605.76
	ETP-STP		1041108.47	0.00	1041108.47								1041108.47
	Washing Laundry		3278580.54	0.00	3278580.54								3278580.54
	<b>Total</b>	59066328.10	19050137.78	59066328.10	19050137.78	0.00	0.00	0.00	0.00	59066328.10	0.00	0.00	19050137.78
	<b>Grand Total</b>	311766065.37	239720164.46	63485328.10	488000901.73	20890321.08	396915720.87	75278621.89	149204497.38	236487443.48	39483599.93	1014532.61	372224147.29

Sr. No	Particulars	Original Cost	Addition during the year	Disposal/ transfer/ rate diff	Closing Balance as on 31.03.2016	Salvage Value	Depreciable amount over whole life	WDV as on 31.03.2015	Dep. For The Year	WDV as on 31.03.2016
a	Land	51144722.00	0.00	0.00	51144722.00	0.00	0.00	51144722.00	0.00	51144722.00
b	Building	88443957.74	115129283.61	0.00	203573241.35	10178662.07	193394579.28	84745292.39	7271205.67	178885527.32
c	Plant & Equipment	281434111.37	20015300.32	0.00	301449411.69	15072470.58	286376941.10	219409458.89	42735487.15	191356977.29
d	Misc Assets									
	Electricals	1542981.67	3313545.61	0.00	4856527.28	242826.36	4613700.92	1486225.55	434663.19	4365107.97
	Others	5925820.65	968228.80	0.00	6894049.45	344702.47	6549346.98	2583767.41	1549258.07	2002738.15
	Office Equipments	20348689.66	2456506.59	0.00	22805196.25	1140259.81	21664936.44	7046248.20	2607823.57	6894931.22
	Electric Equipment	902597.84	0.00	0.00	902597.84	45129.89	857467.95	292724.35	60385.47	232338.87
	Vehicles	19207883.02	3675338.00	0.00	22883221.02	1144161.05	21739059.97	5515708.51	1999515.63	7191530.88
	<b>Total</b>	468950763.95	145558202.93	0.00	614508966.88	28168212.24	535196032.64	372224147.29	56658338.75	442073873.70
(II)	<b>CAPITAL WORK IN PROGRESS</b>									
	<b>Building</b>	13717843.01		13717843.01				13717843.01		
	<b>Machinery</b>									
	Boiler	1012605.76		1012605.76				1012605.76		
	ETP - STP	1041108.47		1041108.47				1041108.47		
	Washing Laundry	3278580.54		3278580.54				3278580.54		
	<b>Software Charge</b>		1218324.00		1218324.00			0.00	0.00	1218324.00
	<b>Total</b>	19050137.78	1218324.00	19050137.78	1218324.00	0.00	0.00	19050137.78	0.00	1218324.00
	<b>Grand Total</b>	488000901.73	146776526.93	19050137.78	615727290.88	28168212.24	535196032.64	391274285.07	56658338.75	443292197.70

Sr. No	Particulars	Original Cost	Addition during the year	Disposal/ transfer/ Subsidy	Depreciation already charged	Closing Balance as on 31.03.2017	Salvage Value	Depreciable amount over whole life	WDV as on 31.03.2016	Dep. For The Year	WDV as on 31.03.2017
a	Land	51144722.00				51144722.00			51144722.00		51144722.00
b	Buildings	203573241.35	19615027.14			223188268.49	11159413.42	212028855.07	178885527.32	7250645.94	191249908.52
c	Plant & Equipment	301183237.69	7425480.60	14303318.28	4640740.47	289664659.54	14483232.98	275181426.56	191296180.98	35175642.77	149242700.53
d	Misc Assets										
	Electricals	4856527.28	4452626.69	0.00	0.00	9309153.97	465467.70	8843696.27	4365107.97	842138.19	7975596.47
	Electric Equipment	902597.84				902597.84	45129.89	857467.95	232338.87	47854.01	184484.86
	Others	6894049.45	5958037.73	0.00	0.00	12852087.18	642604.36	12209482.82	2002738.15	2377272.45	5583503.43
	Office Equipments	23071370.25	4082993.85	3784518.96	9251072.93	14118772.21	705938.61	13412833.60	6955727.53	1424972.63	5829229.79
	Vehicles	22883221.02	1945883.00	0.00	0.00	24829104.02	1241455.20	23587648.82	7191530.88	1711814.60	7425599.28
	<b>Total</b>	<b>614508966.88</b>	<b>43480049.01</b>	<b>18087837.24</b>	<b>13891813.40</b>	<b>626009365.25</b>	<b>28743232.16</b>	<b>546121411.09</b>	<b>442073873.70</b>	<b>48830340.59</b>	<b>418635744.88</b>
II)	<b>CAPITAL WORK IN PROGRESS</b>										
	Software Charge	1218324.00		1218324.00		0.00			1218324.00	0.00	0.00
	<b>Total</b>	<b>1218324.00</b>	<b>0.00</b>	<b>1218324.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1218324.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Grand Total</b>	<b>615727290.88</b>	<b>43480049.01</b>	<b>19306161.24</b>		<b>626009365.25</b>	<b>28743232.16</b>	<b>546121411.09</b>	<b>443292197.70</b>	<b>48830340.59</b>	<b>418635744.88</b>

Sr. No	Particulars	Original Cost	Addition during the year	Depreciated on already charged	Disposal/ transfer/ Subsidy	Closing Balance as on 31.12.2017	Salvage Value	Depreciable amount over whole life	WDV as on 31.03.2017	Dep. For The Year	WDV as on 31.12.2017
(I)	<b>Tangible Assets</b>										
a	Land	51144722.00	0.00	0.00	5935474.00	45209248.00	0.00	0.00	51144722.00	0.00	45209248.00
b	Buildings	223188268.49	736273.00	5302661.33	6557583.36	212064296.80	10603214.84	201461081.96	191251652.52	12224232.14	173206110.02
c	Plant and Equipments	293073039.11	107786304.94	0.00	0.00	400859344.05	20042967.20	380816376.85	151979575.57	27461693.64	232304186.87
d	Misc Assets										
	Electricals	9468358.49	631791.00	0.00	0.00	10100149.49	505007.47	9595142.02	8120369.08	1146653.10	7605506.98
	Others	9679479.45	957683.00	9715.64	284.36	10627162.45	531358.12	10095804.33	2889977.54	1056541.70	2790834.47
	Office Equipments	14626393.69	962745.87	6507.50	342.50	15582289.56	779114.48	14803175.08	5825592.89	2052001.46	4735994.80
	Vehicles	24829104.02	891386.00	1681831.16	98805.84	23939853.02	1196992.651	22742860.37	7425599.28	2087429.76	6130749.68
	<b>Total</b>	<b>626009365.25</b>	<b>111966183.81</b>	<b>7000715.63</b>	<b>12592490.06</b>	<b>718382343.37</b>	<b>33658654.77</b>	<b>639514440.60</b>	<b>418635744.87</b>	<b>46028551.80</b>	<b>471982630.82</b>

**ANNEXURE K**  
**STATEMENT OF RESTATED LONG TERM LOANS AND ADVANCES**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. In Lakhs)				
		2017	2016	2015	2014	2013
<b>Long Term Loans and Advances</b>						
- Capital Advances			85.41		11.80	12.89
- Security Deposits	22.11	23.42	84.98	123.02	135.75	211.41
- Others					1.79	1.80
<b>TOTAL</b>	22.11	23.42	170.39	123.02	149.34	226.10

**ANNEXURE L**  
**STATEMENT OF RESTATED OTHER NON CURRENT ASSETS**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. In Lakh)				
		2017	2016	2015	2014	2013
<b>Other Non Current Assets</b>						
-FDR with Indian Overseas Bank	140.00	54.26	49.04	45.36	8.03	142.57
<b>TOTAL</b>	140.00	54.26	49.04	45.36	8.03	142.57

**ANNEXURE M**  
**STATEMENT OF RESTATED INVENTORIES**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. in Lakhs)				
		2017	2016	2015	2014	2013
Raw Material	749.84	1220.81	996.81	806.80	501.65	172.83
Work In Progress	1156.23	1121.39	795.67	735.42	571.23	286.44
Finished Goods	625.89	756.49	507.14	676.07	435.42	120.81
Stock in Trade	1187.39	1139.89	999.87	872.41	980.30	924.28
Store & Spares/Consumable	40.32	21.31	20.90	11.31	19.88	7.07
<b>TOTAL</b>	<b>3759.67</b>	<b>4259.89</b>	<b>3320.39</b>	<b>3102.01</b>	<b>2508.48</b>	<b>1511.43</b>

**ANNEXURE N**  
**STATEMENT OF RESTATED TRADE RECEIVABLES**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. in Lakhs)				
		2017	2016	2015	2014	2013
<b>Unsecured, considered good</b>						
- Debts outstanding for a period exceeding six months	69.25	22.40	161.41	25.23	24.14	8.48
- Other Debts	2879.51	2,150.16	1447.09	1128.93	1612.74	1,235.09
<b>TOTAL</b>	<b>2,948.76</b>	<b>2,172.56</b>	<b>1,608.50</b>	<b>1,154.16</b>	<b>1,636.88</b>	<b>1,243.57</b>

**ANNEXURE O**  
**STATEMENT OF RESTATED CASH AND CASH EQUIVALENTS**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. in Lakhs)				
		2017	2016	2015	2014	2013
<b>Balances with Banks</b>						
- In Current Accounts	124.92	57.08	137.91	58.00	64.80	190.14
- FDR with less then 12 months maturity	32.32	31.31	7.48	6.11	14.06	0.00
Cheques in Hand	2.00		0.00	0.39	5.00	0.01
Others-Credit Cards	0.66		1.07	1.07	2.00	2.86
Cash in hand (as certified by the management)	8.32	6.92	17.51	9.41	20.27	20.99
<b>TOTAL</b>	<b>168.22</b>	<b>95.31</b>	<b>163.97</b>	<b>74.98</b>	<b>106.13</b>	<b>214.00</b>

**ANNEXURE P**  
**STATEMENT OF RESTATED SHORT TERM LOANS AND ADVANCES**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. In Lakhs)				
		2017	2016	2015	2014	2013
Advance to Suppliers	76.97	136.89	47.49	163.49	14.07	7.75
Balance with Revenue Authorities	28.97	42.40	19.27	80.22	83.73	77.79
Staff Advance/Prepaid/Others	29.99	27.09	25.36	22.95	21.20	15.73
<b>TOTAL</b>	<b>135.93</b>	<b>206.38</b>	<b>92.12</b>	<b>266.66</b>	<b>119.00</b>	<b>101.27</b>

**ANNEXURE Q**  
**STATEMENT OF RESTATED REVENUE FROM OPERATIONS**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. in Lakhs)				
		2017	2016	2015	2014	2013
<b>REVENUE FROM OPERATIONS</b>						
Sale of Products manufactured by the issuer	6661.01	7471.13	7256.06	6811.46	4867.68	3468.15
Sale of Products traded by the issuer	2986.67	4213.75	3680.43	4101.32	5340.99	4456.07
Sale of Services	256.80	312.79	262.44	149.45	89.67	120.74
<b>Total</b>	<b>9,904.48</b>	<b>11,997.67</b>	<b>11,198.93</b>	<b>11,062.23</b>	<b>10,298.34</b>	<b>8,044.96</b>

The above mentioned figures are Net of Duties ( Central Excise and VAT)

**ANNEXURE Q1**  
**STATEMENT OF RESTATED OTHER INCOME**

Particulars	31.12.2017	As at 31 <sup>st</sup> March (Rs. in Lakhs)				
		2017	2016	2015	2014	2013
Other Income						
<b>Source of Income</b>						
Interest Income(Recurring)	6.57	6.72	5.18	3.60	9.17	9.50
Profit on sale of Asset (non- recurring)					0.73	
Foreign Fluctuation (Recurring)			0.23		0.08	1.49
Duty Drawback (Recurring)	0.76	0.96	4.96	1.78	0.32	0.13
Others					0.03	0.20
<b>TOTAL</b>	<b>7.33</b>	<b>7.68</b>	<b>10.37</b>	<b>5.38</b>	<b>10.33</b>	<b>11.32</b>

**ANNEXURE – R**  
**STATEMENT OF MANDATORY ACCOUNTING RATIOS**  
**(Rs. In Lakhs )**

Particulars	As at					
	31.12.2017	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Net Worth (A)	3110.76	2949.41	2761.99	2600.91	2462.93	1188.17
Restated Profit after tax	186.85	185.59	153.00	154.12	143.79	144.70
Less: Prior Period Item	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted Profit after Tax (B)	186.85	185.59	153.00	154.12	143.79	144.70
Number of Equity Share outstanding as on the End of Year ( C )	187315	187315	187215	187215	187215	101715
Weighted average no of Equity shares at the time of end of the year (D)	187315	187315	187215	187215	187215	101715
Current Assets (E)	7012.58	6734.14	5184.98	4597.81	4370.49	3070.27

Current Liabilities (F)	5310.68	4979.22	3789.84	3658.01	3379.50	2938.69
Face Value per Share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Restated Basic and Diluted Earning Per Share (Rs.) (B/D)	99.75	99.08	81.72	82.32	76.80	142.26
Return on Net worth (%) (B/A)	6.01	6.29	5.54	5.93	5.84	12.18
Net asset value per share (A/C) (Face Value of Rs. 10 Each (Rs.))	1660.71	1574.57	1475.30	1389.26	1315.56	1168.14
Net assets value per share (effect of bonus issue of equity shares) (A/D)	1660.71	1574.57	1475.30	1389.26	1315.56	1168.14
Current Ratio (E/F)	1.32	1.35	1.37	1.26	1.29	1.04

Note:

1) The ratios have been computed as below:

- a) Basic earnings per share (Rs. ) - : Net profit after tax as restated for calculating basic EPS / Weighted average number of equity shares outstanding at the end of the period or year
- b) Diluted earnings per share (Rs. ) - : Net profit after tax as restated for calculating diluted EPS / Weighted average number of equity shares outstanding at the end of the period or year for diluted EPS
- c) Return on net worth (%) -: Net profit after tax (as restated) / Net worth at the end of the period or year
- d) Net assets value per share -: Net Worth at the end of the period or year / Total number of equity shares outstanding at the end of the period or year
- e) Net assets value per share (effect of bonus issue of equity shares) - : Net Worth at the end of the period or year / Total number of equity shares outstanding at the end of the period or year (after split and bonus issue)

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 for ratios mentioned in note 1(c) and 1(d) is = Equity share capital + Reserves and surplus(including, Securities Premium, General Reserve and surplus in statement of profit and loss).

4) The figures disclosed above are based on the standalone restated summary statements of the Group.

5) The above statement should be read with the significant accounting policies and notes to restatesummary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures I, II , III and IV.



ANNEXURE – S  
STATEMENT OF RELATED PARTY TRANSACTION

(Rs.in Lakhs )

a)	Names of the related parties with whom transaction were carried out during the years and description of relationship:						
1	Holding Company	Nil					
2	Subsidiary Companies	Nil					
3	Key Managerial Person	Rajesh Mehra-Managing Director Renu Mehra - Director					
4	Relatives of Key Management Personnel with whom transactions have taken place	Kalika Mehra - Daughter of M.D and Director Rajesh Mehra HUF - HUF of M.D					
5	Enterprises Owned or controlled by Key Management personnel and/or their Relatives	Again Lifestyle Pvt Ltd. -Major Shareholder Kalika Mehra					
S.No.	Particulars	For the Period ended 31st December, 2017	For the year ended 31st March, 2017	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Again Lifestyle Pvt Ltd.						
1	Sales	188.53					125.29
	Again Lifestyle Pvt Ltd.						
2	Purchase	384.75				62.05	
3	Loans accepted from Key Managerial Personnel						
	Rajesh Mehra	343.72	433.90	14.81	822.23	24.50	98.37
	Renu Mehra	143.98	7.50	381.00	86.49	0.33	103.48
	Kalika Mehra		1.15				
	Rajesh Mehra HUF	4.15	1.75	5.40			80.39
4	Loans accepted from Enterprises Owned or Controlled by Key Managerial						
	Again Lifestyle Pvt Ltd.			122.80			
5	Repayment of Borrowing to Key Managerial Personnel /Relatives						
	Rajesh Mehra	410.13	322.04	364.74	278.51	174.12	0.56
	Renu Mehra	484.96	80.31	7.97	38.25	233.07	27.83

	Kalika Mehra		0.71				
	Rajesh Mehra HUF	0.10			61.87	101.25	
6	Closing Balance at year end of Loan of Borrowings from Key Management Personnel/Relatives						
	Rajesh Mehra	31.79	317.41	209.29	559.23	15.51	150.64
	Renu Mehra	18.26	359.24	432.05	59.02	10.78	237.27
	Kalika Mehra		0.44				
	Rajesh Mehra HUF	11.2	7.15	5.40		6.19	98.57
7	Transaction with Key Personnel/Relative						
	Rajesh Mehra - Salary	9.00	12.00	12.00	12.00	12.00	12.00
	Renu Mehra - Salary	10.00	7.50	7.50	7.50	7.50	7.50
	Kalika Mehra - Salary	9.00	11.00				
	Rajesh Mehra HUF- Interest					9.86	
	Rajesh Mehra HUF- Royalty	4.50	6.00	6.00	6.00		6.00
8	Closing Balance at year end of Creditors/ Debtors -Related Parties						
	Again Lifestyle Pvt Ltd.- Debtor	14.64	478.40				35.98

**ANNEXURE – T**  
**STATEMENT OF CAPITALISATION**

(Rs. in Lakhs )

Particulars	Pre Issue
	31.12.2017
<b>Debt</b>	
Short Term Debt	3822.30
Long Term Debt	3900.96
Total Debt	<b>7723.26</b>
Shareholders' Fund (Equity)	
Share Capital	18.73
Reserves & Surplus	3092.03
Less: Miscellaneous Expenses not written off	0.00
Total Shareholders' Fund (Equity)	<b>3110.76</b>
Long Term Debt/Equity	1.25
Total Debt/Equity	2.48

## Notes:

1. Short term Debts represent which are expected to be paid/payable within 12 months and excludes installment of term loans repayable within 12 months.
2. Long term Debts represent debts ( Including payable in one year) and Includes Loans and Advances Received, Deferred Payments

ANNEXURE - U  
STATEMENT OF TAX SHELTER

(Rs. in Lakhs )

Particulars	As at					
	31.12.20 17	31.03.20 17	31.03.20 16	31.03.20 15	31.03.20 14	31.03.20 13
Profit before tax as restated (A)	250.48	221.84	217.10	220.81	211.36	214.93
Normal Corporate Tax Rate (%)	33.06%	33.06%	33.06%	32.44%	32.44%	32.44%
MAT	N.A	N.A	N.A	N.A	N.A	N.A
Adjustments:						
<u>Permanent Difference</u>						
Expenses disallowed as per Income Tax Act 1961	0	0	0	0	0	0
Donation Expenses	0	0	0	0	0	0
Total Permanent Difference (B)	0	0	0	0	0	0
Income considered separately (C)	0	0	0	0	-0.72	0
<u>Timing Difference</u>						
Depreciation as Companies Act	460.28	488.30	566.58	394.83	242.28	246.06
Depreciation as Income Tax Act	534.12	507.07	606.88	445.80	239.04	254.74
Disallowed U/S 43B	2.81	18.71	14.35	9.72	15.25	0
Total Timing Difference (D)	(71.03)	(0.06)	(25.95)	(41.25)	18.49	(8.68)
Net Adjustment E = (B+C+D)	(71.03)	(0.06)	(25.95)	(41.25)	17.77	(8.68)
Tax Expenses/(saving) thereon.	(23.48)	(0.02)	(8.58)	(13.38)	5.76	(2.82)
Income from Other Sources (F)	0	0	0	0	0	0
Exempt Income (G)	0	0	0	0	0	0
Taxable Income/(Loss) (A+E+F-G)	179.45	221.78	191.15	179.56	229.13	206.25
Brought Forward Losses	0	0	0	0	0	0
Unabsorbed Depreciation	0	0	0	0	0	0
Total	179.45	221.78	191.15	179.56	229.13	206.25
Preliminary Expenses	0	0	0	0	0	0
Taxable Income/(Loss)	179.45	221.78	191.15	179.56	229.13	206.25
Deduction	0	78.41	0	0	11.44	11.76
Net Taxable Income	179.45	143.37	191.15	179.56	217.69	194.49
Tax as per Normal Income Tax Provision	59.33	47.40	63.19	58.25	70.62	63.09
Tax Income/(Loss) as per MAT	N.A	N.A	N.A	N.A	N.A	N.A
Income tax as per MAT/Income Tax	N.A	N.A	N.A	N.A	N.A	N.A
Tax Liability as per Income Tax Provision	59.33	47.40	63.19	58.25	70.62	63.09
Tax paid as per "MAT" or "Normal Provisions"	59.33	47.40	63.19	58.25	70.62	63.09
Total MAT Credit Available	0	0	0	0	0	0

Note  
s:

1. The aforesaid statement of tax shelters has been prepared as per the restated Summary statement of profits and losses of the Company.

The permanent/timing differences have been computed considering the acknowledged copies of the income-tax returns for respective years stated above.

2. The figures for the period ended December 31, 2017 are based on the computation chart of Total Income prepared by the Company

## ANNEXURE - V

## RESTATED SUMMARY STATEMENT OF CONTINGENT LIABILITIES

(Rs. in Lakhs )

Particulars	As at					
	31.12.20 17	31.03.201 7	31.03.201 6	31.03.201 5	31.03.2014	31.03.2013
Contingent liabilities in respect of:	0.00	0.00	0.00	0.00	0.00	0.00
Claims against the company not acknowledged as debts	0.00	0.00	0.00	0.00	0.00	0.00
Guarantees given on Behalf of the Company	0.00	0.00	0.00	0.00	0.00	0.00
Guarantees given on Behalf of the Subsidiary Company	0.00	0.00	0.00	0.00	0.00	0.00
Other moneys for which the company is contingently liable	0.00	0.00	0.00	0.00	0.00	0.00
Outstanding Tax Demand with Respect to Income Tax Assessment year - 2008-09	0.00	0.00	0.00	0.00	0.00	0.00
Outstanding Tax Demand with Respect to Income Tax Assessment year - 2009-10	0.00	0.00	0.00	0.00	0.00	0.00
Outstanding Tax Demand with Respect to Income Tax Assessment year - 2012-13	0.00	0.00	0.00	0.00	0.00	0.00
Outstanding Tax Demand with Respect to Income Tax Assessment year - 2014-15	0.00	0.00	0.00	0.00	0.00	0.00
Outstanding Tax Demand with Respect to Income Tax Assessment year - 2015-16	0.00	0.00	0.00	0.00	0.00	0.00
Excise Duty Liability	0.00	0.00	0.00	0.00	0.00	0.00
Commitments (to the extent not provided for)	0.00	0.00	0.00	0.00	0.00	0.00
Estimated amount of contracts remaining to be executed on capital account and not provided for	0.00	0.00	0.00	0.00	0.00	0.00
Uncalled liability on shares and other investments partly paid	0.00	0.00	0.00	0.00	0.00	0.00
Other commitments	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

14. The above statement should be read with the significant accounting policies.

## ANNEXURE-W

Date: 18/01/2018

To,  
 Ajcon Global Services Ltd.  
 408,A-Wing, Cello-Sonal Realty,  
 Near Patels, Western Express  
 Highway, Malad East,  
 Mumbai - 400063.

Based on the restated financial statement of Active Clothing CoLimited ("The Company"), having its Registered office at E-225,Phase 8B , Mohali– 160055, Punjab India

We hereby certify that the Company satisfies the financial eligibility criteria listing on BSE SME Platform based on accounts.

1. The post issue Paid up share Capital of the Company is Rs. more than 3.00Crore.

2. Net Tangible Assets of at least 3.00 Crore as per the latest audited financial results (as Restated).

(Rs. in Lakhs )

Particulars	As at					
	31.12.2017	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Non-Current Assets :						
Tangible Fixed assets (Net Block) excluding Revaluation Reserve, if any.	4719.82	4186.36	4432.92	3722.24	2364.87	1884.78
Non Current Investments						
Long Term Loans and Advances	22.11	23.42	170.39	123.02	149.34	226.10
Other Non Current Assets	140.00	54.26	49.04	45.36	8.03	142.57
Current Assets :						
Inventory	3759.67	4259.89	3320.39	3102.01	2508.48	1511.43
Trade Receivables	2948.76	2172.56	1608.50	1154.16	1636.88	1243.57
Cash & Bank Balances	168.22	95.31	163.97	74.98	106.13	214.00
Short Term Loans and Advances	135.93	206.38	92.12	266.66	119.00	101.27
Total Non-Current & Current Assets (A)	11894.51	10998.18	9837.33	8488.43	6892.73	5323.72
Non Current Liabilities :						
Long-Term Borrowings	3375.92	3024.5	3245.85	2196.1	1041.04	1194.04
Other Long Term Liabilities	92.85	58.03	39.32	24.97	15.25	0
Current liabilities :						
Short-Term Borrowings	3822.30	3128.10	2491.28	2316.44	2159.43	1683.74
Trade Payables	646.45	1044.85	507.21	833.71	927.00	414.61
Other Current Liabilities	833.50	806.27	791.35	507.86	267.70	839.40
Short-Term Provisions	8.43	0.00	0.00	0.00	25.37	0.94

Total Non Current Liabilities and Current Liabilities (B)	8779.45	8061.75	7075.01	5879.08	4435.79	4132.73
Net Tangible Assets (A-B)	3115.06	2936.43	2762.32	2609.35	2456.94	1190.99

Net tangible assets are defined as the sum of all net assets of the Company, excluding deferred Tax Assets/Liabilities and excluding intangible assets as defined in Accounting Standard 26 (AS-26) issued by the Institute of Chartered Accountants of India.

3. Net worth (excluding revaluation reserves) of at least 3.00 Crore as per the latest audited financial results (as restated)

(Rs. in Lakhs )

Particulars	As at					
	31.12.2017	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Share Capital	18.73	18.73	18.72	18.72	18.72	10.17
Add: Reserves & Surplus	3092.03	2930.68	2743.27	2582.19	2444.21	1178.00
Less: Preliminary Expenses to the extent not written off	0.00	0.00	0.00	0.00	0.00	0.00
Net Worth	3110.76	2949.41	2761.99	2600.91	2462.93	1188.17

Net worth includes Share Capital and Reserves (excluding revaluation reserves), Miscellaneous Expenditure not written-off, if any & Debit Balances of Profit and Loss Account not written-of, if any)

4. Track record of distributable profits in terms of Section 123 of Companies Act, 2013 for at least two years out of immediately preceding three financial years and each financial year has to be a period of at least 12 months.

Extraordinary income will not be considered for the purpose of calculating distributable profits. otherwise, the

Net Worth shall be atleast Rs. 5.00 Crores.

The Company have distributable profits as detailed below in terms of Section 205 of Companies Act, 1956 (Section 123 of the Companies Act 2013, after 01st April 2013) (As Restated),:

(Rs. in Lakhs )

Particulars	As at					
	31.12.2017	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Net Profit after Tax (as Restated) Calculated as per Section 123 of the Companies Act, 2013	186.85	185.59	153.00	154.12	143.79	144.70

Yours faithfully  
For Jiwan Goyal & Co.  
Chartered Accountants  
Firm Registration No.012874N  
sd/-

JIWAN GOYAL  
Partner  
Membership No.091937  
Place : Bathinda

ANNEXURE - X  
CALCULATION OF DTA/DTL

(Amt. in lakhs)

Particulars	For the Year Ended					
	31.12.2017	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Depreciation as Per Companies Act	460.28	488.30	566.58	394.83	242.28	246.06
Depreciation As per Income Tax Act	534.12	507.07	606.88	445.8	239.04	254.74
Timing Difference Due to Depreciation	-73.84	-18.77	-40.30	-50.97	3.24	-8.68
Rate of Tax	33.06%	33.06%	33.06%	32.44%	32.44%	32.44%
Deferred Tax Liability(A)	-24.41	-6.21	-13.32	-16.53	1.05	-2.82
Provision of Gratuity outstanding as on the end of Period	60.84	58.03	39.32	24.97	15.25	0
Expenses Disallowed under Section 43B	2.81	18.71	14.35	9.72	15.25	0
Business loss	0	0	0	0	0	0
Unabsorbed Depreciation	0	0	0	0	0	0
Timing Difference Due to Gratuity and Compensated Abs	60.84	58.03	39.32	24.97	15.25	0.00
Deferred Tax Assets (B)	20.11	19.18	13.00	8.10	4.95	0.00
Cumulative Balance of Deferred Tax Liability (Net) (A-B)	-4.30	12.98	-0.32	-8.43	6.00	-2.82
Opening Deferred Tax Liability	12.98	-0.32	-8.43	6.00	-2.82	
Asset/(Liability) to Restated Statement of Profit and Loss	-4.30	12.98	-0.32	-8.43	6.00	-2.82
Tax at Normal Tax Rates	33.06%	33.06%	33.06%	32.44%	32.44%	32.44%



## ANNEXURE - Y

Reconciliation				In Lacs			
Particulars		Dec-17	2017	2016	2015	2014	2013
Net Profit after Tax as per Audited accounts but before adjustments for restated accounts:	A	169.55	161.01	154.61	155.73	152.21	144.70
Add:							
Deferred Tax Liability as per Audited Accounts	B	24.41	6.21	13.07	16.54	1.05	2.82
Total (A +B)	C	193.96	167.22	167.68	172.27	153.26	147.52
Less:							
Short provision of Gratuity Expenses	D	2.81	18.71	14.35	9.72	15.25	0.00
Short provision of Income Tax	E		-24.10			0.22	0.00
Deferred Tax Liability as per Restated Accounts	F	4.30	-12.98	0.32	8.43	-6.00	2.82
Total (D + E + F)	G	7.11	-18.37	14.67	18.15	9.47	2.82
Net Profit after tax as per Restated Accounts	H	186.85	185.59	153.00	154.12	143.79	144.70
(C-G)							
<b>As per Restated</b>							
Gratuity		2.81	18.71	14.35	9.72	15.25	0.00
Current Tax		59.33	49.23	63.78	58.26	73.57	67.41
Deferred Tax (Asset)/Liability		4.30	-12.98	0.32	8.43	-6.00	2.82
<b>As per Audited</b>							
Gratuity		0.00	0.00	0.00	0.00	0.00	0.00
Current Tax		59.33	73.33	63.78	58.26	73.35	67.41
Deferred Tax Liability		24.41	6.21	13.07	16.54	1.05	2.82

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
2. The above statement should be read with the significant accounting policies and notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures I, II, III and IV
3. The company had not provided provision for Gratuity in Audited Financial Statement. Whereas the same has been provided in restated financial statement based on actuals as per Law.

ANNEXURE - Z  
SUMMARY OF SIGNIFICANT ACCOUNTING RATIOS AS RESTATED

(Amt In Lakhs, except per share data)

Particulars	End of Month	For the year ended March 31,				
	Dec-17	2017	2016	2015	2014	2013
Profit after tax as restated	186.85	185.59	153.00	154.12	143.79	144.70
Weighted average number of equity hares at the end of the year (before bonus impact)	187315	187315	187215	187215	187215	101715
Weighted average number of equity hares at the end of the year (after bonus impact)	187315	187315	187215	187215	187215	101715
Number of equity shares outstanding at the end of the year	187315	187315	187215	187215	187215	101715
Net Worth	3110.758	2949.4051	2761.99	2600.9114	2462.9339	1188.17421
Earnings Per Share	99.75	99.08	81.72	82.32	76.80	142.26
Basic & Diluted - Before Bonus Issue	99.75	99.08	81.72	82.32	76.80	142.26
Basic & Diluted - Adjusted for Bonus Issue*	99.75	99.08	81.72	82.32	76.80	142.26
Return on Net Worth (%)	6.01%	6.29%	5.54%	5.93%	5.84%	12.18%
Net Asset Value Per Share (Rs)	1660.71	1574.57	1475.30	1389.26	1315.56	1168.14
Net Asset Value Per Share (Rs) (adjusted for bonus issue)**	1660.71	1574.57	1475.30	1389.26	1315.56	1168.14
Nominal Value per Equity share (Rs.)	10	10	10	10	10	10

Notes -

Ratios have been calculated as below;

Basic and Diluted Earnings Per Share (EPS)  
(Rs.)

Restated Profit after Tax available to equity Shareholders

Weighted Average Number of Equity Shares at the end of the year

Return on Net Worth (%)

Restated Profit after Tax available to equity Shareholders

Restated Net Worth of Equity shareholders

Net Asset Value per equity share (Rs.)	$\frac{\text{Restated Net Worth of Equity Shareholders}}{\text{Number of Equity Shares outstanding at the end of the year}}$
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*Adjusted EPS	$\frac{\text{Restated Profit after Tax available to equity Shareholders}}{\text{Weighted Average Number of Equity Shares adjusted for bonus at the end of the year}}$
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**Net Asset Value per equity share (Rs.)	$\frac{\text{Restated Net Worth of Equity Shareholders}}{\text{Number of Equity Shares outstanding at the end of the year adjusted with bonus issue}}$
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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

### Overview

Our Company was incorporated as "Active Clothing Co. Private Limited" under the provisions of the Companies Act, 1956 on February 27, 2002 bearing Corporate Identity Number U51311CH2002PTC24970 issued by Registrar of Companies Punjab & Chandigarh. Further, our Company was converted from a private limited company to a public limited company vide fresh Certificate of Incorporation consequent upon conversion to public limited company dated December 29, 2017 issued by Registrar of Companies, Punjab and Chandigarh with the Corporate Identity Number U51311PB2002PLC033422. For further details, please refer to chapter titled "*Our History and Certain Other Corporate Matters*" beginning on page 128 of this Prospectus.

Active Clothing offers one-stop-solution to its customers providing them design, development, sourcing, manufacturing and retail at one door making it possible to outgrow new innovations and possibilities in its product. It is an integrated apparel manufacturer with the comprehensive capability to design and manufacture high quality readymade garments with a competitive price. Right since the inception, Active became a part of the apparel manufacturing industry of India.

The Company which initially started with a team of only 10 employees today employs about 1000 employees. The Company has a total capacity 12,58,810 pieces of sweaters, 242,190 pieces of jackets and 7,80,000 T-Shirts and Sweatshirts. The total production area in the Company is 230,000 sq. ft. It possesses the best state of the art technology, with knitting machines procured from renowned German supplier - "STOLL", leading Japanese supplier Shima Seiki. Hence, they command an edge over peers in terms of efficiency in cost of production, controlled quality and larger quantity.

The key customer base of the Company includes Levi Strauss (India) Pvt. Ltd., U.S Polo, Arrow, Izod, United Colours of Benetton, Numero Uno, Basics, Aero staple, Elle, Iconic, Pepe Jeans, Impulse buying house and other reputed international brands. The Company is also a distributor for international brands such as Levis, Celios, Arvind owned licensee brands Ed Hardy, Flying Machine. The established brands add immense strength to the continuous flow of orders to the Company and its creditability in all aspects.

It is one of the key manufacturers and distributors of winter wear and summer wear products of Levi's where the price tickets carrying the Logo of goods contains 'Marketed by Levi's India Pvt.Ltd. & manufactured by Active Clothing Co. Ltd.

### MATERIAL CHANGES SUBSEQUENT TO THE LAST BALANCE SHEET FOR FY 2016-17

In last 12 months, we have made allotment by way of bonus shares of equity shares to the promoters and their relatives details of which are as follows:

11238900 equity shares were issued as bonus shares in the ratio of 60:1 (60 shares for every 1 share held) on January 9, 2018 at face value of Rs.10 which is significantly lower than the issue price.

### FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors amongst others:

- Changes in government policies
- Material changes in the duty or tax structure
- Competition from existing and new entrants
- Continuity of our major brands of our third party products
- Successful penetration of our own brands
- Ability to successfully manage growth, source raw materials, seek orders etc
- General economic and business conditions in India
- Occurrence of natural disasters or calamities

## **SIGNIFICANT ACCOUNTING INFORMATION**

### **Basis of Preparation of Financial Statements**

The Restated Summary Statement of Assets and Liabilities of the Company as on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the Restated Summary Statement of Profit and Loss and Restated Summary Statements of Cash Flows for the stub period ended on December 31, 2017 and financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the annexure thereto (collectively, the “**Restated Financial Statements**” or “**Restated Summary Statements**”) have been extracted by the management from the Financial Statements of the Company for the stub period ended on December 31, 2017 and financial year ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013.

The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of Companies (Accounts) Rules, 2014).

**The Restated Summary Statements have been made by making material adjustments [AS PER SEBI(ICDR)REGULATIONS, 2009].**

Appropriate adjustments have been made in the restated financial statements, whenever required, by reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to ensure consistency and compliance with requirement of Company Act 1956, and as replaced by Company Act, 2013 after 01st April 2014 and Accounting Standards.

The Summary of results of restatements made in the audited financial statements of the Company for the respective period / years and their impact on the profit / (loss) and assets and liabilities of the Company is as under.

### **Statement of adjustments in the Financial Statements**

The reconciliation of Profit after tax as per audited results and the Profit after tax as per Restated Accounts is presented below in Table-1. This summarizes the results of restatements made in the audited accounts for the respective years/ period and its impact on the profit & loss of the company.

#### **1. Statement of Profit and Loss after Tax - Table -1As per Annexure-Y**

##### **g) Adjustment on account of provision for Gratuity:**

The Company did not provide gratuity based on the requirement of AS -15 (Revised), therefore during the restatement, provision for gratuity have been done as per the provisions of the Act in respective year were adjusted to comply with the requirement of AS-15 (Revised).

##### **h) Accounting of Depreciation (AS -10)**

Depreciation on Fixed assets is provided on Written down Value Method over the lives and in the manner specified in Schedule-II to the Companies Act, 2013, read with the relevant circulars issued by the Department of Corporate Affairs from time to time.

**i) Adjustment on account of Provision of Deferred Tax:**

Due to changes in Provision for Gratuity, etc., the Company liability and deferred tax assets at the rate of normal Tax rate applicable at the end of relevant year.

**j) Accounting of Excess Depreciation prior to 31.03.2012: Nil**

**k) Adjustment on account of accounting of Pre-operative expenses and Preliminary Expenses – NA**

**l) Adjustment on account of wrong accounting of revaluation reserve: NIL**

**6. Realizations:**

In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets, loans and advances will, in the ordinary course of business. These of business, not be less than the amounts at which they are stated in the Balance sheet.

**7. Contractual liabilities**

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

**8. Amounts in the financial statements**

Amounts in the financial statements are in Lacs

**DISCUSSION ON THE RESULTS OF OPERATIONS**

The following discussion on the financial operations and performance is based on our restated financial statements for the FY

**Summary of the Results of Operation**

The following table sets forth select financial data from restated profit and loss accounts for the period ended Decemeber 31,2017 and year ended March 31, 2017, 2016,2015,14,13 and the components of which are also expressed as a percentage of total income for such periods.

## RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(Rs.InLakhs )

Sr. No.	Particulars	A n n e x u r e	As at 31 <sup>st</sup> March					
			31.12.2017	2017	2016	2015	2014	2013
<b>I</b>	<b>Income</b>							
	Revenue from Operations	Q	9,904.48	11,997.67	11,198.93	11,062.23	10,298.34	8,044.96
	Other Income	R	7.33	7.68	10.37	5.38	10.33	11.32
	<b>Total Revenue (I)</b>		<b>9911.81</b>	<b>12005.35</b>	<b>11209.3</b>	<b>11067.61</b>	<b>10,308.67</b>	<b>8,056.28</b>
<b>II</b>	<b>Expenses</b>							
	Cost of Material Consumed		4175.99	5646.17	4953.22	5515.03	4391.95	2952.07
	Purchases of stock in Trade		2824.12	3621.75	2713.53	2998.05	4313.28	3591.08
	Changes in Inventories of Stock in Trade		29.26	-715.50	-28.38	-288.38	-655.43	-258.30
	Employee Benefits Expense		1288.13	1600.47	1605.85	1120.21	754.78	548.25
	Finance Costs		552.73	636.37	558.73	389.52	356.01	251.96
	Depreciation		460.29	488.30	566.58	394.84	242.28	246.06
	Other Expenses		330.81	505.95	622.67	717.53	694.44	510.23
	<b>Total Expenses (II)</b>		<b>9661.33</b>	<b>11783.51</b>	<b>10992.20</b>	<b>10846.80</b>	<b>10097.31</b>	<b>7841.35</b>
<b>III</b>	<b>Profit/ (Loss) before tax (I - II)</b>		<b>250.48</b>	<b>221.84</b>	<b>217.10</b>	<b>220.81</b>	<b>211.36</b>	<b>214.93</b>
	<b>Tax Expense</b>							
	- Current tax		59.33	49.23	63.78	58.26	73.57	67.41
	- Deferred tax (Asset)/Liability	D	4.30	-12.98	0.32	8.43	-6.00	2.82
<b>IV</b>	<b>Total Tax Expense (IV)</b>		<b>63.63</b>	<b>36.25</b>	<b>64.10</b>	<b>66.69</b>	<b>67.57</b>	<b>70.23</b>
<b>V</b>	<b>Profit/ (Loss) for the year (III - IV)</b>		<b>186.85</b>	<b>185.59</b>	<b>153.00</b>	<b>154.12</b>	<b>143.79</b>	<b>144.70</b>

**Income**

Our total income comprises of revenue from operations and marginally of other income.

**Revenue from operations**

Their revenue from operations has been increasing y-o-y with the increase with the acquisition of new clients and expansion of manufacturing capacity. The revenue has increased by for year ended March 31,2017 from March 31,2016 by 7.13%.

**Other Income**

Our other income mainly consists of interest on bank.from the deposits.

## **Expenditure**

### **Cost of Material Consumed**

The cost of material consumed varies depending on the combination of products and also the share of manufacturing and distribution. The variations are well within the business norms and no unusual variation is same.

### **Employee Benefit Expense**

Employee benefit expenses include employees' remuneration and benefits including salary and allowances, and Director's remuneration etc. There are not much variations in the same between FY 2016-17 and the same are within the industry norms.

### **Other Expenses**

Other expenses includes mainly freight and cartages, electricity charges, rent and taxes, insurance expenses ,repairs and maintenance, printing and stationary, travelling expenses, other professional fees, and insurance and other expenses for running day to day business activities.

### **Finance Cost**

The finance cost is increasing y-o-y due to increased business requiring higher working capital facilities and also term loans/ DPG for purchasing new machineries year after year to meet the increasing demands of business. The finance cost is increased to Rs.636 lakhs in FY 2016-17 over Rs. 559 lakhs in FY 2015-16.

### **Depreciation**

Depreciation expenses primarily consist of depreciation on the fixed assets of our Company which primarily includes land building, plant and machineries and other fixed assets.

### **Provision for tax**

Income tax is accounted for in accordance with Accounting Standard – 22 on “Accounting for Taxes on Income” (“AS-22”), prescribed under the Companies (Accounting Standards) Rules, 2006. Our Company provides for current tax as well as deferred tax, as applicable.

Our Company under the provisions of the I. T. Act.Provision for current taxes is made at the current tax rates after taking into consideration the benefits available to

Deferred tax arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws applicable as of the date of the financial statements. Our Company provides for deferred tax asset / liability on such timing differences subject to prudent considerations in respect of deferred tax assets.



## COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2017 WITH FISCAL 2016

### Income

#### Revenue from Operations

Our revenue from operations increased by 7.13% to Rs.11997.67 lakhs in the fiscal year ended March 31, 2017 from 11198.93 lakhs in the fiscal year ended March 31, 2016. The revenue has increased due to acquisition of new customers and expansion of production capacity.

#### Other Income

Our other income decreased by 25.94% to Rs.7.68 lakhs in the fiscal year ended March 31, 2017 from Rs.10.37 lakhs in the fiscal year ended March 31, 2016. The other income comprises mainly of interest income and some amount of duty drawback which generally fluctuates year on year.

### Expenditure

#### Total Expenses

The total expenditure for the financial year 2016-17 increased to Rs. 11783.51 Lakhs from Rs. 10992.20 lakhs in the year 2015-16, representing an increase of 7.20%

#### Cost of Materials Consumed

There was 13.99% increase in our total cost of material consumed from Rs. 4953.22 Lakhs in the financial year 2015-16 to Rs. 5646.17 Lakhs in the financial year 2016-17. This increase was primarily due to increase in purchase of raw material which is consumed to our increased turnover

#### Purchase of stock in trade

The purchase of stock in trade for distribution increased to Rs.3621.75 in the year 2016-17 from Rs.2713.53 lakhs in the year 2015-16 resulting in an increase of 33.47% because of increase in the business which resulted in the higher revenue.

#### Changes in Inventories of Stock in Trade

Change in inventories of stock in trade totalled Rs. (715.50) Lakhs in the financial year 2016-17, as compared to Rs. (28.38) Lakhs in the financial year 2015-16. This was attributable to increase in sales.

#### Employee benefits expenses

The employee benefit expense comprises of salaries, staff welfare expenses etc. Our Company has incurred Rs.1600.47 lakhs as employee benefit expenses during the FY 2016-17 as compared to Rs.1605.85 lakhs during the FY 2015-16 which reflects a nominal change which does not require any comments.

#### Finance Cost

The Finance Cost for the year 2016-17 increased to Rs 636.37 Lakhs as against Rs.558.73 Lakhs during the previous financial year. The increase of 13.89% as compared to previous year is due to increase in interest paid to lenders for higher credit exposure.

#### Depreciation expense

Depreciation for the financial year 2016-17 stood at Rs. 488.30 Lakhs as against Rs.566.58 Lakhs for the financial year 2015-16. The decrease by 13.81% is mainly due to the application of Written Down method during the year.

#### Other Expenses

Our Company has incurred Rs. 505.95 lakhs during the FY 2016-17 on Other Expenses as compared to Rs. 622.67 lakhs during FY 2015-16. The decrease of 18.75 % is majorly due to reduction of rent and taxes.

**Profit/ (Loss) After Tax**

For the year 2016-17 the profit stood at Rs 185.59 lakhs as against the profit of Rs. 153.00lakhs for the previous year 2015-16. The increase in the profit was due to increase in revenue and better efficiency.

**COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2016 WITH FISCAL 2015****Income****Revenue from Operations**

During the financial year 2015-16 the revenue from operations of our company increased to Rs. 11209.30Lakhs as againstRs. 11067.61Lakhs in the year 2014-15, representing an increase of 1.28%. It was a marginal increase.

**Other Income**

During the financial year 2015-16 the Other Income of our company increased to Rs. 10.37lakhs as against Rs. 5.38 lakhs for the financial year 2014-15, representing increase of 92.75%. which was due to higher duty drawback..

**Expenditure****Total Expenses**

The total expenditure for the financial year 2015-16 increased to Rs. 10992.20Lakhs from Rs. 10846.80Lakhs in the year2014-15, representing an increase of 1.35%.

**Cost of Materials Consumed**

There was 10.19% decrease in our total cost of material consumed from Rs.5515.03Lakhs in the financial year 2014-15 toRs. 4953.22Lakhs in the financial year 2015-16. This decrease was primarily due to the increased production capacity and having less reliance on outsourcing.

**Purchase of stock in trade**

The purchase of stock in trade for distribution decreased to Rs.2713.53 lakhs in the year 2015-16 from Rs.2998.05 lakhs in the year 2014-15 resulting in decrease of 13.86% because of reduction of stock in trade.

**Changes in Inventories of Stock in Trade**

Change in inventories of stock in trade totalled Rs. (28.38) Lakhs in the financial year 2015-16, ascompared to Rs. (288.38) Lakhs in the financial year 2014-15. This was attributable to decrease in inventories of finished Goods.

**Employee benefits expenses**

The employee benefit expense comprises of salaries, staff welfare expenses etc. Our Company has incurred Rs.1605.85 lakhs as employee benefit expenses during the FY 2015-16 as compared to Rs.1120.21 lakhs during the FY 2014-15. The increase of 43.35% as compared to previous year is due to in-house production being increased and reduction in out sourcing job work.

**Finance Cost**

The Finance Costs were for the year 2015-16 increased to Rs 558.73Lakhs as against Rs.389.52Lakhs during the previousfinancial year. The increase of 43.44% as compared to previous year is due to additional loans taken for the expansion..

**Depreciation expense**

Depreciation for the financial year 2015-16 stood at Rs. 566.58Lakhs as against Rs. 394.84 Lakhs for the financial year2014-15. The increaseby 43.49% is mainly due to additions in fixed assets.

### **Other Expenses**

Our Company has incurred Rs.622.67lakhs during the FY 2015-16 on Other Expenses as compared to Rs. 717.53 lakhs during FY 2014-15. The decrease of 13.22% is majorly due to decrease in reduction of rent and taxes.

### **Profit/ (Loss) After Tax**

For the year 2015-16 the profit stood at Rs 153.00lakhs as against the profit of Rs. 154.12lakhs for the previous year 2014-15. The cause of decrease of 0.73% was majorly due to increase in depreciation and finance cost.

## **COMPARISON OF THE FINANCIAL PERFORMANCE OF FISCAL 2015 WITH FISCAL 2014**

### **Income**

#### **Revenue from Operations**

During the financial year 2014-15 the revenue from operations of our company increased to Rs. 11062.23Lakhs as against Rs.10298.34Lakhs in the year 2013-14, representing an increase of 7.42%. This increase is majorly due to increase in the sales - job work.

#### **Other Income**

During the financial year 2014-15 the Other Income of our company decreased to Rs.5.38Lakhs as against Rs. 10.33Lakhs for the financial year 2013-14, representing decrease by 47.92%. Such decrease was due to decrease in interest income.

### **Expenditure**

#### **Total Expenses**

The total expenditure for the financial year 2014-15 increased to Rs.10846.80Lakhs from Rs. 10097.31Lakhs in the year 2013-14, representing an increase of 7.42%.

#### **Cost of Materials Consumed**

There was 25.57% increase in our total cost of material consumed from Rs.4391.95Lakhs in the financial year 2013-14 to Rs. 5515.03Lakhs in the financial year 2014-15. This was primarily due to increased production of manufactured goods.

#### **Purchase of stock in trade**

The purchase of stock in trade for distribution decreased to Rs.2998.05 lakhs in the year 2014-15 from Rs.4313.28 lakhs in the year 2013-14 resulting in decrease of 30.49% because of reduction in sale of traded goods.

#### **Changes in Inventories of Stock in Trade**

Change in inventories of stock in trade totalled Rs. (288.38)Lakhs in the financial year 2014-15, as compared to Rs. (655.43)Lakhs in the financial year 2013-14. This was attributable to decrease in inventories of finished Goods.

#### **Employee benefits expenses**

The employee benefit expense comprises of salaries, staff welfare expenses etc. Our Company has incurred Rs. 1120.21 Lakhs as employee benefit expenses during the FY 2014-15 as compared to Rs. 754.78Lakhs during the FY 2013-14. The increase by 48.41% as compared to previous partly was on account of increase in manufacturing activity in house and reduction in outsourcing job work..

## Finance Cost

The finance cost for the year 2014-15 increased to Rs. 389.52 Lakhs as against Rs. 356.01 Lakhs during the previous financial year. The increase of 9.39% as compared to previous year is due to increase in interest paid on borrowings.

## Depreciation expense

Depreciation for the financial year 2014-15 stood at Rs. 394.84 Lakhs from Rs. 242.28 Lakhs for the financial year 2013-14. The increase by 62.96% is mainly due to addition in fixed assets.

## Other Expenses

Our Company has incurred Rs. 717.53 Lakhs during the FY 2014-15 on Other Expenses as compared to Rs. 694.44 Lakhs during FY 2013-14. The increase of 3.32% is majorly due to marginal increase in rates & taxes, freight and cartages and travelling expenses.

## Profit/ (Loss) After Tax

For the year 2014-15 the profit stood at Rs. 154.12 Lakhs as against the profit of Rs. 143.79 Lakhs for the previous year 2013-14. The increase of 7.18% was majorly due to increase in the revenue.

## Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI Regulations:

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

### • *Unusual or infrequent events or transactions*

There has not been any unusual or infrequent events or transactions that have significantly affected operations of the Company.

### • *Significant economic changes that materially affected or are likely to affect income from continuing operations.*

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

### • *Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.*

Apart from the Risks disclosed under the section titled "Risk Factors" no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

### • *Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change.*

Other than as described in the chapter titled "**Risk Factors**" beginning on page 14 of this Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

### • *The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices*

Increases in revenues are by and large linked to increase in new customer base, adding more products and starting its own brand thereby increasing volume of business activity carried out by the Company

### • *Total turnover of each major industry segment in which our Company operates*

The Company operates in single segment in context of accounting standards 17 on Segment Reporting issued by ICAI.

• **Status of any publicly announced New Products or Business Segment**

Our Company has launched its own brand of garments under the brand name of “AAGAIN” a few years back.

• **The extent to which our Company’s business is seasonal**

The business though is not seasonal but is mainly divided into winter and summer wears.

• **Dependence on few Suppliers/ customers**

Given the nature of our business operations, we do not believe our business is dependent on any single or a few Supplier/customers, however our top 10 largest clients accounted for approximately 46.18% of our revenue for the year ended 31.03.2017, for more details please refer the ‘Risk Factors’ section on page no. 14

• **Competitive conditions**

It faces competition from existing and potential competitors which is common for any business. It has, over a period of time, developed certain competitive strengths which has been discussed in section titled “Our Business” on page 99 of this Prospectus.

**Cash Flow**

(Rs. In lakhs)

Particulars	For the period ended December 31,2017	For the year ended March 31				
		2017	2016	2015	2014	2013
Cash flow from Operating Activities	579.72	385.76	695.20	805.05	(485.52)	478.18
Cash flow from Investing Activities	(987.20)	(235.01)	(1272.08)	(1758.75)	(713.21)	(512.98)
Cash flow from Financing Activities	480.39	(219.41)	665.86	922.55	1090.86	112.49

**Cash Flows from Operating Activities**

Net cash generated in operating activities in Fiscal 2017 was ₹385.76 Lakhs as compared to the PBDT of ₹710.14 Lakhs for the same period. This difference is primarily on account of changes in current assets & liabilities.

Net cash generated in operating activities in Fiscal 2016 was ₹695.20 Lakhs as compared to the PBDT of ₹783.68 Lakhs for the same period. This difference is primarily on account of changes in current assets and liabilities in the normal course of business.

Net cash flow used in operating activities in Fiscal 2015 was ₹805.05 Lakhs as compared to the PBDT of ₹615.65 Lakhs for the same period. This difference is primarily on account of changes in the current assets and liabilities in the normal course of business.

### **Cash Flows from Investment Activities**

In Fiscal 2017, the net cash outflow from investing activities was ₹235.01 Lakhs. This cash outflow was as on account of purchase of fixed assets.

In Fiscal 2016, the net cash flow from investing activities was ₹ 1272.08 Lakhs. This cash flow was as on account of purchase of fixed assets.

In Fiscal 2015, the net cash outflow from investing activities was ₹1758.75 Lakhs. This cash outflow was on account of purchase of fixed assets.

### **Cash Flows from Financing Activities**

Net cash outflow from financing activities in Fiscal 2017 was Rs.219.44 lakhs, which was mainly for interest payment.

Net cash flow from financing activities in fiscal 2016 was Rs. 665.86 lakhs which was due to increase in long term borrowings.

Net cash flow from financing activities in Fiscal 2015 was ₹ 922.55 Lakhs. This was on account of increase in long term borrowing.

## FINANCIAL INDEBTEDNESS

## A.SECURED LOANS

Consolidated Statement of Principal Terms of Secured Loans and Assets Charged as Security

(Rs. in lakhs)

Name of Lender	Purpose	Sanctioned Amount	Rate of Interest	Repayment Schedule	Moratorium	Outstanding as on 31.12.2017
HDFC Bank	Vehicle Loan	8.43	8.45%	0.17	Nil	7.74
HDFC Bank	Vehicle Loan	4.20	11.01%	0.11	Nil	2.50
HDFC Bank	Vehicle Loan	24.00	9.35%	0.77	Nil	11.49
HDFC Bank	Vehicle Loan	14.13	9.52%	0.36	Nil	9.73
HDFC Bank	Term Loan	222.90	9.40%	2.44	Nil	213.85
Indian Overseas Bank	Term Loan	376.00	10.75%	6.27	Nil	149.39
Indian Overseas Bank	Term Loan	500.00	10.75%	14.00	Nil	26.63
Indian Overseas Bank	Term Loan	2600.00	10.75%	29.56	Nil	2027.67
Indian Overseas Bank	Term Loan	653.00	12.05%	1.86	Repayment to start from July 2018	100.56
Indian Overseas Bank	Term Loan	98.00	10.75%	1.63	Repayment to start from July 2019	0.01
Total						2549.55

Notes:

1. Vehicle Loans from HDFC Bank are secured against hypothecation of the vehicles and guaranteed by two Promoter Directors.

2. Term Loans from Indian Overseas Bank

Prime security

- i) First Exclusive charge on the entire plant & machinery and other fixed assets excluding vehicles.
- ii) Equitable Mortgage of land and building at Village BadaliAla Singh, Distt Fathegarh Sahib.

Collateral Security

- i) Equitable Mortgage of plot at Punjab Apparel Park, Ludhiana.
- ii) Equitable Mortgage of lease hold land and building situated at E-225, Industrial Area, Phase-VIII-B, Mohali.
- iii) Guarantees of two Promoter Directors.

**B. UNSECURED LOANS**

The terms and conditions of Unsecured Loans from Related Parties / Directors are as follows:

(Rs.In Lakhs)

Name of Lender	Relation with Company	Purpose	Rate of Interest	Outstanding as on 31.12.2017
Harish Mehta HUF	Shareholder	Expansion of Business	12%	150.00
Rahul Aggarwal & Sons HUF	Shareholder	Expansion of Business	13%	130.26
Rajesh Mehra HUF	Shareholder	Expansion of Business	NIL	11.20
Rajesh Mehra	Director	Expansion of Business	NIL	31.79
Renu Mehra	Director	Expansion of Business	NIL	18.26
Again Lifestyle Pvt Ltd.	Corporate	Expansion of Business	NIL	122.80
				Total 464.31

**C. DEFERRED PAYMENT LIABILITIES**

Name of Supplier	Purpose	Security	Rate of Interest	Repayment Schedule	Outstanding as on 31.12.2017 (In Rs)	In Foreign Currency	Amount in foreign currency
Kauo Heng Precision Machinery Indl. Co. Ltd.	Machinery	Against LC	NIL	13.09.2018	34,95,350	US \$	53000.00
Stoll Financial Services GMBH	Machinery	Clean Credit	NIL	From August 2018 to April 2022	7,19,17,865	US \$	109704.00
Fukuhara Industrial And Trading Co. Ltd	Machinery	Against LC	NIL	06.07.2019	1,32,97,500	JPY	225000.00
Total					8,87,10,715		



## SECTION VII:LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, Promoter Group and Group Entities that would have a material adverse effect on our business. Further, except as stated below, there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, default in creation of full security as per terms of issue/other liabilities. No proceedings have been initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters, our Directors and Group Entities.*

*Our Board, in its meeting held on January 05, 2018, adopted the policy to determine:*

*(i) that outstanding legal proceedings involving our Company, Directors, Promoters, Group Companies and Subsidiaries: (a) where the amount involved, to the extent quantifiable, is more than ₹2,00,000; or (b) whose outcome could have a material impact on the business, operations, prospects or reputation of our Company, will be considered as material litigation; and*

*(ii) that outstanding dues to creditors or small scale undertakings and other creditors in excess of 10% of our Company's consolidated trade payables as per last audited financial statements shall be considered as material dues. Details of outstanding dues to creditors including small scale undertakings as required under the SEBI (ICDR) Regulations have been disclosed on our website at [www.diggimultitrade.com](http://www.diggimultitrade.com).*

*Our Company, our Directors, our Promoters and/or our Group Entities have not been declared as wilful defaulters by the RBI, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters, our Group Entities or our Directors, that may have a material adverse effect on our business or financial position, or so far as we are aware, are there no such proceedings pending or threatened.*

*Further, in the last five years preceding the date of this Prospectus there have been (a) no instances of material frauds committed against our Company (b) no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the case of our Company and no prosecutions have been filed (whether pending or not), fines imposed or compounding of offences for our Company (c) no litigation or legal action pending or taken by any ministry or department of the government or any statutory body against our Promoters.*

*Further, there are no proceedings initiated or penalties imposed by any authorities against our Company, and Directors and no adverse findings in respect of our Company, our Promoters, our Group Entities and the persons/entities connected therewith, as regards compliance with securities laws. Further, except as described below, there are no instances where our Company, or Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic or civil offences or any disciplinary action by SEBI or any stock exchange, or tax liabilities.*

*Further, except as disclosed below there are no (i) litigation against our Directors or our Promoters involving violation of statutory regulations or alleging criminal offence; (ii) past cases in which penalties were imposed by the relevant authorities on our Company, our Promoters, our Group Entities and the Directors; and (iii) outstanding litigation or defaults relating to matters likely to affect the operations and finances of our Company including disputed tax liabilities and prosecution under any enactment in respect of Schedule V to the Companies Act, 2013. Unless stated to the contrary, the information provided below is as on the date of this Prospectus.*

**A. CONTINGENT LIABILITIES**

Particulars	Amount (Rs. in Lakhs)
<b>Total</b>	<b>Nil</b>

**B. LITIGATION INVOLVING OUR COMPANY**

(i) *Litigation Involving Criminal Laws: Nil*

(ii) *Litigation Involving Actions by Statutory/Regulatory Authorities: Nil*

(iii) *Litigation against our Company: As described below*

- 1) Mr. Amandeep Singh Chandel & Ors (Claimant) have filed a Compensation Suit against the Company, before the Hon'ble Motor Accident Claims Tribunal, Chandigarh bearing Case No. M.A.C.T. Case No. 549 of 2016. The Claimants are seeking compensation of Rs. 2 Crores along with interest of 12% p.a. from the date of filing the Petition till its realization in the interest of justice with regards to death and injuries sustained by Mr. Jarnail Singh (father) in the accident. The matter stands to be pending for the adjudication till date.
- 2) Mr. Amandeep Singh Chandel & Ors (Claimant) have filed a Compensation Suit against the Company, before the Hon'ble Motor Accident Claims Tribunal, Chandigarh bearing Case No. M.A.C.T. Case No. 547 of 2016. The Claimants are seeking compensation to be paid to them on account of injuries suffered by them in a motor vehicle accident. The matter stands to seeks compensation amounting to Rs. 30 Lakhs and Rs. 10 Lakhs as future expenses on treatment, along with interest of 12% p.a. from the date of filing the Petition till its realization in the interest of justice. The matter stands to be pending till date for the adjudication.
- 3) Satinder Kaur & Ors (Claimants) have filed a Compensation Suit against the Company, before the Hon'ble Motor Accident Claims Tribunal, Rupnagar bearing Case No. M.A.C.P Case No. 410 of 2016. The Claimants are seeking compensation amounting to Rs. 1.5 Crores to be paid to them on account of death of Navjeet Singh in an accident. The matter stands to be pending for adjudication till date.
- 4) Mr. Amandeep Singh & Ors. have filed a Compensation Suit against the Company, before the Hon'ble Motor Accident Claims Tribunal, Chandigarh bearing Case No. M.A.C.T. Case No. 548 of 2016. The Claimants are seeking compensation amounting to Rs. 70 Lakhs along with interest of 12% p.a. from the date of filing the Petition till its realization in the interest of justice with regards to the death of Ravinder Kaur (Mother) in an accident. The matter stands to be pending for adjudication till date.
- 5) Mr. Kamlesh Rani Sohar & Ors have filed a Recovery Suit of Rs. 70,130/- along with interest of Rs. 9,820/- against our Company before the Hon'ble Civil Court of Ludhiana. The suit is pertaining to a recovery of amount pertaining to purchase of raw hosiery materials from the Plaintiffs on credit basis. The suit is pending for adjudication till date.

(iv) *Litigation involving Tax Liabilities*

*Direct Tax Liabilities: Nil*

*Indirect Tax Liabilities: Nil*

(v) *Other Pending Litigation: Nil*

(I) *Litigation by our Company:*

(i) *Arbitration Proceedings: Nil*

(ii) *Litigation Involving Criminal Laws: Nil*

(iii) *Litigation Involving Actions by Statutory/Regulatory Authorities: Nil*

(iv) *Other Material Pending Litigations: Nil*

**C. LITIGATION INVOLVING OUR DIRECTORS**

(1) *Litigation against our Directors:*

(i) *Arbitration proceedings: Nil*

(ii) *Litigation Involving Criminal Laws: Nil*

(iii) *Litigation Involving Actions by Statutory/Regulatory Authorities: Nil*

(iv) *Litigation involving Tax Liabilities*

*Direct Tax Liabilities: Nil*

*Indirect Tax Liabilities: Nil*

(v) *Other Material Pending Litigations :Nil*

(2) *Litigation by our Directors:*

(i) *Arbitration Proceedings: Nil*

(ii) *Litigation Involving Criminal Laws: Nil*

(iii) *Litigation Involving Actions by Statutory/Regulatory Authorities:Nil*

(iv) *Other Material Pending Litigations:Nil*

**D. LITIGATION INVOLVING OUR PROMOTERS**

(1) *Litigation against our Promoters:*

(i) *Arbitration Proceedings:Nil*

(ii) *Litigation Involving Criminal Laws:Nil*

(iii) *Litigation Involving Actions by Statutory/Regulatory Authorities:Nil*

(iv) *Litigation involving Tax Liabilities:*

*Direct Tax Liabilities: Nil*

*Indirect Tax Liabilities: Nil*

(v) *Other Material Pending Litigations:Nil*

(2) *Litigation by our Promoters:*

(i) *Arbitration Proceedings: Nil*

(ii) *Litigation Involving Criminal Laws: Nil*

(iii) *Litigation Involving Actions by Statutory/Regulatory Authorities:Nil*

(iv) *Litigation involving Tax Liabilities*

**Direct Tax Liabilities:** Nil

**Indirect Tax Liabilities:** Nil

(v) **Other Material Pending Litigations:** Nil

#### **E. LITIGATION INVOLVING OUR PROMOTER GROUP & GROUP ENTITIES**

**(1) Litigation against our Promoter Group & Group Entities:**

(i) **Arbitration Proceedings:** Nil

(ii) **Litigation Involving Criminal Laws:** Nil

(iii) **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil

(iv) **Litigation involving Tax Liabilities:**

**Direct Tax Liabilities:** Nil

**Indirect Tax Liabilities:** Nil

(v) **Other Material Pending Litigations:** Nil

**(2) Litigation by our Promoter Group & Group Entities:**

(i) **Arbitration Proceedings :** Nil

(ii) **Litigation Involving Criminal Laws:** Nil

(iii) **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil

(iv) **Litigation involving Tax Liabilities:**

**Direct Tax Liabilities:** Nil

**Indirect Tax Liabilities:** Nil

(v) **Other Material Pending Litigations:** Nil

#### **F. AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS AND/OR OTHER CREDITORS**

Our Company has not received any information from suppliers whether they fall under MSME segment. Hence, the Company could not determine the amount payable to those creditors.

#### **G. MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE**

Except as disclosed in the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 191 of this Prospectus, in the opinion of our Board, there have not arisen, since March 31, 2017, any circumstances that materially or adversely affect or are likely to affect our profitability or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

### Approvals for the Issue

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.

The Main Objects clause of the Memorandum of Association of our Company and the objects incidental, enable our Company to carry out its activities.

The Company has got the following licenses/registrations/approvals/consents/permissions from the Government and various other Government agencies required for its present business.

#### A. Approvals relating to the Issue

- I. The Board, pursuant to its resolution dated January 5, 2018, authorized the Fresh Issue, subject to approval by the Shareholders of our Company under the Companies Act.
- II. The Shareholders have, pursuant to a special resolution dated January 8, 2018 at Extra Ordinary General Meeting under the Companies Act, 2013 authorized the Issue.
- III. In-principle approval from the BSE SME dated February 19, 2018 for using the name of the Exchange in the offer documents for listing of the Equity Shares issued by our Company pursuant to the issue.
- IV. The ISIN of our Company is INE380Z01015.

#### B. Corporate Approvals

Sr No	Particulars	Issuing Authority	Registration No./Reference No./LicenseNo	Date of Issue	Validity
1	Certificate of Incorporation in the name of Active Clothing	Registrar of Companies, Punjab and Chandigarh	U51311CH2002 PTC024970	February 27, 2002	Valid until Cancelled
2	Change of Registered Office from the state of Chandigarh to State of Punjab	Registrar of Companies, Punjab and Chandigarh	U51311PB2002 PTC033422	December 09, 2009	Valid until Cancelled
3	Fresh Certificate of Incorporation upon conversion from Private Limited Company to Public Limited Company	Registrar of Companies, Chandigarh	U51311PB2002 PLC033422	December 29, 2017	Valid until Cancelled

#### C. Tax Approvals

Sr No	Nature of License/ Approvals	Issuing Authority/ Applicable Law	Registration No./Reference No./LicenseNo.	Date of Issue / Renewal / Effective Date	Validity
1	Permanent Account Number(PAN)	Income Tax Department, Government of India	AADCA4562D	February 27, 2002	Valid until Cancelled

2	Tax Deduction Account Number (TAN)	Income Tax Department, Government of India	PTLA13596C	-	Valid until Cancelled
3	Registration for Value Added Tax under Punjab VAT Act, 2005	Excise & Taxation Officer, Ludhiana	03792040838	January 04, 2008	Valid until Cancelled
4.	Registration for Value Added Tax under Punjab VAT Act, 2005 as applicable to UT, Chandigarh	Excise & Taxation Officer, Chandigarh	04810016857	January 19, 2012	Valid until Cancelled
5.	Central Excise Registration Certificate, Mohali (Punjab)	Central Board of Excise and Custom, Ministry of Finance- Dept. of Revenue	AADCA4562DE M004	March 28, 2016	Valid until Cancelled
6	Central Excise Registration Certificate, Fatehgarh Sahib (Punjab)	Central Board of Excise and Custom, Ministry of Finance- Dept. of Revenue	AADCA4562DE M005	March 27, 2016	Valid until Cancelled
7	Certificate of Registration of Service Tax	Central Board of Excise and Custom, Ministry of Finance- Dept. of Revenue	AADCA4562DS D003	September 13, 2010	One time Registration
8	Certificate under Goods and Service Tax Act, Punjab	GST Act	03AADCA4562 D1Z8	July 01, 2017	One time Registration
9	Certificate under Goods and Service Tax Act, Chandigarh	GST Act	04AADCA4562 D1Z6	July 01, 2017	One time Registration

**D. Approval/ License in relation to business of our company**

<b>Sr No</b>	<b>Particulars</b>	<b>Issuing Authority/ Applicable Law</b>	<b>Registration No./Reference No./LicenseNo</b>	<b>Date of Issue / Renewal / Effective Date</b>	<b>Validity</b>
1	Certificate of Importer – Exporter Code (IEC)	Government of India, Ministry of Commerce and Industry	2208002288	September 03, 2008	Valid until Cancelled
2.	Employees Provident Fund	Ministry of Labour Government. of India	PB/CHD/37126	August 01, 2008	Valid until Cancelled
3.	Renewal Factory license under the Factories Act, 1948 for our Company's unit at Plot No. E-225, Phase –VIII B, Inds Area SAS Nagar, S.A.S. Nagar, sahilbzada, Ajit Sing Nagar, Mohali.	Factories Act, 1948	MHL/SAS/A-104/1207	January 01, 2018	December 31, 2018
4.	Certificate of consent to operate an Industrial Plant U/s. 21 of the Air (Prevention & Control of Pollution) Act, 1981	Punjab Pollution Control Board	R16FGSCTOA3 051715	January 08, 2016	March 31, 2021
5.	Certificate of consent to operate an outlet U/s. 25/26 of the Water (Prevention & Control of Pollution) Act, 1974	Punjab Pollution Control Board	R16FGSCTOW3 051728	January 08, 2016	March 31, 2021
6.	Authorization for operation of a facility for Collection, storage, Disposal, of hazardous waste generated under Rule 5 of the Hazardous Waste (Management, Handling and Trans-boundary Movement) Rule, 2008	Punjab Pollution Control Board	HWM/FGS/2016 /4244268	August 24, 2016	March 31, 2021
7.	Certificate of renewal for allowing use of boiler PI-5059 under the Indian Boilers Act, 1923 for the boiler used at our Company's unit at Village Badali Ala Singh, Sirhind –chd. Rd., Dist. Fatehgarh Sahib.	Director of Boilers Punjab	FGS/2016-17/12	August 12, 2017	August 11, 2018
8.	Stability Certificate, Mohali	Punjab Factories Rule, 1952	-	July 30, 2013	Valid until Cancelled
9.	Stability Certificate, Fatehgarh Sahib	Punjab Factories Rule, 1952	-	November 11, 2017	Valid until Cancelled
10.	Registration Cum Membership Certificate	Wool & Wollen, Export Promotion Council, Ministry of Textiles,	Ldh-1890/08-09	September 8, 2008	March 31, 2018

		Government of India			
11.	Fire Safety Certificate, Fatehgarh	Office of Assistant Divisional Fire Officer	PFS-62/2017	August 11, 2017	August 10, 2018
12.	Transformer Certificate	Punjab Electricity Inspectorate, Patiala	006673	Letter Dated : October 13, 2014	Issued at the time of installation as one time approval

**E. Approval obtained in relation to Intellectual property rights:**

1. The Company 's details of trademark application and its status are as follows:

Sr. No.	Word Mark	Registration/ Application No.	Class	Registration / Application Date	Status/ Validity
1.	"AAGAIN"	1925099	25	February 19, 2010	February 19, 2020

2. The details of Domain name in the name of the Company:

Sr. No.	Domain Name	Sponsoring Registrar	Creation Date	Expiry Date
1.	<a href="http://www.activesourcing.org/">http://www.activesourcing.org/</a>	Godaddy.com	December 12, 2005	December 22, 2018



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorized by a resolution passed by our Board of Directors at its meeting held on January 05, 2018 and by the shareholders of our Company by a special resolution, pursuant to Section 62 of the Companies Act, 2013 passed at the EGM of our Company held on January 08, 2018.

We have received in-principle approval from the BSE Limited for using its name in the /Prospectus pursuant to an approval letter No. DCS\SME-IPO\VS\IP\1280\2017-18 dated February 19, 2018.

### Prohibition by SEBI, RBI or other Governmental Authorities

Our Company, our Promoters, our Promoter Group, our Directors, persons in control of our Company and our Group Entities, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

The companies with which our Promoters, our Directors or persons in control of our Company are/ were associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity in which our Directors are associated as directors.

### Prohibition by RBI

Neither our Company, nor our Promoters, or the relatives (as defined under the Companies Act) of our Promoters or Group Entities have been identified as willful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or any pending proceedings thereof against them.

### Association with Securities Market

We confirm that none of our Directors are associated with the Securities Market in any manner except for trading on day to day basis for the purpose of investment.

Our Company, our Promoters, Promoter Group and Group Entities have not been declared as willful defaulters by the RBI or any other government authorities.

### Eligibility for the Issue

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 106M (2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital exceed ₹1000 Lakhs. Our Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

### We confirm that:

1. In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this Issue will be hundred percent underwritten and that the LM will underwrite at least 15% of the total issue size. For further details pertaining to underwriting, please refer to chapter titled “General Information” beginning on page 44 of this Prospectus.
2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue 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 and/or other penalty as prescribed under the SEBI Regulations, the Companies Act, 2013 and other applicable law.

3. In accordance with Regulation 106(O) of the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
4. In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, the LM will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue. For further details of the market making arrangement, please refer to the chapter titled “General Information” beginning on page 44 of this Prospectus.

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter XB of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations shall not apply to us in this Issue.

5. Our Company shall mandatorily facilitate trading in demat securities and will enter into an agreement with both the depositories. The Company has entered into an agreement for registration with the Central Depository Services Limited (CDSL) dated February 6, 2018 and National Securities Depository Limited dated February 5, 2018 for establishing connectivity.
6. Our Company has a website <http://www.activesourcing.org/>
7. There has been no change in the Promoters of our Company in the year preceding the date of filing an application to BSE for listing on SME segment.
8. Our Company has not been referred to the National Company Law Tribunal (NCLT)
9. There is no winding up petition against our Company that has been admitted by the Court and no liquidator has been appointed against the Company.
10. No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the company.
11. Our Company confirms that there is no material regulatory or disciplinary action by a stock exchange or regulatory authority in the past one year in respect of promoters, Group Companies, companies promoted by the promoters of the company.

We confirm that we comply with all the below requirements/ conditions so as to be eligible to be listed on SME Platform of BSE:-

1. As on December 31, 2017, the Company has Net Tangible Assets of Rs. 3115.06 lakhs which satisfies the criteria of having Net Tangible Assets of at least Rs. 3.00 Crore.
2. As on December 31, 2017, the Company has Net Worth attributable to equity shareholders of Rs. 3110.76 lakhs as per the restated financial results which satisfies the criteria of having Net Worth of at least Rs. 3.00 Crore.
3. Track Record of distributable profits in terms of section 123 of Companies Act, 2013 for at least two years out of immediately preceding three FYs (each FY has a period of at least 12 months). Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least ₹500 Lakhs.

4. The Post-issue paid up capital of our Company shall be at least Rs. 3.00 Crore.
5. The Distributable Profit, Net Tangible Assets and Net Worth of our Company as per the restated financial statements for the period ended December 31, 2017 and the year ended and as at March 31, 2017, 2016 and 2015 is as set forth below:-

(Rs.In Lakhs)

Particulars	December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015
Distributable Profits*	186.85	185.59	153.00	154.12
Net Tangible Assets**	3115.06	2936.43	2762.32	2609.35
Net Worth***	3110.76	2949.41	2761.99	2600.91

\* “Distributable profits” have been computed in terms section 123 of the Companies Act, 2013.

\*\*“Net Tangible Assets” are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities) and secured as well as unsecured long term liabilities excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

\*\*\* “Net Worth” has been computed as the aggregate of equity share capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

We further confirm that we shall be complying with all the other requirements / conditions as laid down for such an Issue under Chapter XB of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and Stock Exchange.

#### Compliance with Part A of Schedule VIII of the SEBI (ICDR) Regulations

Our Company is in compliance with the provisions specified in Part A of the SEBI (ICDR) Regulations. No exemptions from eligibility norms have been sought under Regulation 109 of the SEBI (ICDR) Regulations, with respect to the Issue. Further our Company has not been formed by the conversion of a partnership firm into a company.

#### Disclaimer Clause of SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, AJCON GLOBAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS PROSPECTUS, THE LEAD MANAGER, AJCON GLOBAL SERVICES 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, AJCON GLOBAL SERVICES LIMITED, HAS FURNISHED TO STOCK EXCHANGE/SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 24 ,2018AND FEBRUARY 26, 2018 RESPECTIVELYWHICH READS ASFOLLOWS:**

**“WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
  - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC., FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BSE TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE**

**THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.**

- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.**
- 10. WE CERTIFY THAT ALL THE SHARES SHALL BE ISSUED IN DEMATERIALISED FORM IN COMPLIANCE WITH THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013 AND THE DEPOSITORIES ACT 1996 AND THE REGULATIONS MADE THERE UNDER - NOTED FOR COMPLIANCE**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:**
  - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**
  - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. – NOTED FOR COMPLIANCE**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**
- 16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY**

**MERCHANT BANKERS AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR – NOT APPLICABLE**

**17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTION HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.”**

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE.**

- (1) “WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. – NOTED FOR COMPLIANCE**
- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE**
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER. NOTED FOR COMPLIANCE**
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS. – NOTED FOR COMPLIANCE**
- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE. NOTED FOR COMPLIANCE**

**Note:**

The filing of this Prospectus does not, however, absolve our Company from any liabilities under section 34, 35, 36 and 38(1) of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Lead manager any irregularities or lapses in this Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of this Prospectus with the Registrar of Companies, Punjab & Chandigarh in terms of 26, 32 and 33 of the Companies Act, 2013.

Statement on Price Information of Past Issues handled by Ajcon Global Services Ltd: **Not Applicable.**

As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the information of past issue handled by Merchant Banker is required to be given for three financial year (Current Financial year and two financial years preceeding the current Financial year). Ajcon Global Services Ltd. being a Merchant Banker has not handled any Public issue during three Financial Year.



## **Disclaimer from our Company and the Lead Manager**

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this 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, including our website, <http://www.ajcononline.com> would be doing so at his or her own risk.

## **Caution**

The Lead Manager accepts no responsibility, except to the limited extent as provided in the Issue Agreement entered into among the Lead Manager and our Company dated January 23, 2018, the Underwriting Agreement dated February 15, 2018 entered into among the Underwriter and our Company and the Market Making Agreement dated February 15, 2018 entered into among the Market Maker, Lead Manager and our Company.

Our Company and the Lead Manager shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres, etc.

The Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and associates of our Company in the ordinary course of business and may in future engage in the provision of services for which they may in future receive compensation. Ajcon Global Services Ltd. is not an 'associate' of our Company and is eligible to act as a Lead Manager to this Issue, under the SEBI (Merchant Bankers) Regulations, 1992.

**Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.**

## **Price Information and the Track Record of the Past Issues Handled by the Lead Manager**

As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the information of past issue handled by Merchant Banker is required to be given for three financial year (Current Financial year and two financial years preceeding the current Financial year). Ajcon Global Services Ltd. being a Merchant Banker has not handled any Public issue during three Financial Year.

## **DISCLAIMER IN RESPECT OF JURISDICTION**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹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 our Company. This Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this 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 Mohali, Punjab, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with BSE for its observations and BSE 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.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Prospectus in each jurisdiction, including India.

#### **Disclaimer Clause of the SME Platform of BSE**

As required, a copy of this Issue Document has been submitted to BSE Ltd. (hereinafter referred to as BSE). BSE has given vide its letter dated February 19, 2018 permission to this Company to use its name in this offer Document as one of the stock exchanges on which this Company's securities are proposed to be listed on SME platform. The BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer documents; or
- ii. warrant that this Company's Securities will be listed or will continue to be listed on BSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or nay scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Filing**

The Prospectus is being filed with BSE Limited, 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai-400 001.

The Draft Prospectus has not been filed with SEBI, nor has SEBI issued any observations on the Offer Document in terms of Regulation 106M(3). However, a copy of the Prospectus shall be filed with the SEBI at the Corporate Finance Department at their Office situated at: 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi – 110 001, India.

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC at the office of the Registrar of Companies, Corporate Bhawan, 1<sup>st</sup> Floor, Plot No.4 B, Sector 27 B, Madhya Marg, Chandigarh - 160019, India.

#### **Listing**

The Equity Shares of our Company are proposed to be listed on BSE SME Platform. Our Company has obtained in principle approval from BSE Ltd. by way of its letter dated February 19, 2018 for listing of equity shares on BSE SME.

BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance



of this Prospectus. If such money is not repaid within the prescribed time then our Company becomes liable to repay it, then our Company and every officer in default shall, shall be liable to repay such application money, with interest, as prescribed under the applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 6 (Six) Working Days of the Issue Closing Date. If Equity Shares are not Allotted pursuant to the Issue within 6 (Six) Working Days from the Issue Closing Date or within such timeline as prescribed by the SEBI, our Company shall repay with interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period, subject to applicable law.

### **Consents**

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary and Compliance Officer, the Chief Financial Officer, the Statutory Auditors, Peer Review Auditor, the Bankers to our Company; (b) Lead Manager, Underwriters, Market Maker, Registrar to the Issue, Banker to the Issue and 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 and 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

The Peer Review Auditors of our Company M/s. Jiwan Goyal & Co., Chartered Accountants have given their written consent to the inclusion of their report on “Restated Financial Statements” dated January 18, 2018 in the form and context in which it appears in this Prospectus. Further, our Statutory Auditors have agreed to include their name as an expert under Section 26 of the Companies Act, 2013 in this Prospectus in relation to the statement of tax benefits dated January 22, 2018 in the form and context in which it appears in this Prospectus. Such consent and report shall not be withdrawn up to the time of delivery of this Prospectus for filing with the SME platform of BSE.

### **Expert Opinion**

Except the report of the Peer Review Auditor on the “Restated Financial Statements” and Statutory Auditor report on the “Statement of Possible Tax Benefits” included in this Prospectus, our Company has not obtained any other expert opinion.

### **Expenses of the Issue**

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For details of total expenses of the Issue, refer to chapter “*Objects of the Issue*” beginning on page 64 of this Prospectus.

### **Details of fees payable**

#### **Fees Payable to the Lead Manager**

The total fees payable to the Lead Manager will be as per the Mandate Letter dated December 05, 2017 issued by our Company to the Lead Manager and Issue Agreement dated 23 January, 2018 signed between our Company and the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

#### **Fees Payable to the Registrar to the Issue**

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Agreement signed by our Company and the Registrar to the Issue dated January 22, 2018 a copy of which is available for inspection at the Registered Office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by our Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

### **Fees Payable to Others**

The total fees payable to the Banker to the Issue, Legal Advisor, Auditor and Advertiser, etc. will be as per the terms of their respective engagement letters if any.

### **Underwriting Commission, Brokerage and Selling Commission**

The underwriting commission and selling commission for this Issue is as set out in the Underwriting Agreement entered into between our Company and the Lead Manager. Payment of underwriting commission, brokerage and selling commission would be in accordance with Section 40 of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rule, 2014.

### **Previous Rights and Public Issues since the Incorporation**

We have not made any previous rights and/or public issues since incorporation, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

### **Previous Issues of Shares Otherwise than for Cash**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 50 of this Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

### **Commission and Brokerage on Previous Issues**

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

### **Particulars in regard to our Group Entities:**

None of the equity shares of our Group Entities are listed on any recognized stock exchange and have not raised any capital during the past 3 years.

### **Promise versus Performance for our Company**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

### **Outstanding Debentures, Bonds, Redeemable Preference Shares and Other Instruments Issued by our Company**

As on the date of this Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

### **Stock Market Data for Our Equity Shares**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

### **Mechanism for Redressal of Investor Grievances**

Our Company has appointed BigshareServices Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of our Company.

The Agreement between the Registrar and Our Company provides for retention of records with the Registrar for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and refund

orders 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 applicant, 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, 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.

#### **Disposal of Investor Grievances by Our Company**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Applicant shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Stakeholders Relationship Committee of the Board *vide* resolution passed at the Board Meeting held on January 5, 2018. For further details, please refer to the chapter titled “*Our Management*” beginning on page 131 of this Prospectus.

Our Company has appointed Ms. AvneetKaur Bedi as Compliance Officer and she may be contacted at the following address:

#### **Active Clothing Co Limited**

E -255, Phase VIII B,  
Industrial Focal Point,  
Mohali –160055,  
Punjab, India

**Tel:** +91 – 0172 -4313300

**Fax:** +91 – 0172 -4313333

**Email:** csc@activesourcing.org

**Website:** www.activesourcing.org

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web based complaints redress system “SCORES”. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in).

#### **Status of Investor Complaints**

We confirm that we have not received any investor complaints during the three years preceding the date of this Prospectus and hence there are no pending investor complaints as on the date of this Prospectus.

#### **Changes in Auditors during the last three financial years**

Presently, M/s. Kapoor Rajesh & Associates, Chartered Accountants are our Statutory Auditors.

There has been no change in the Statutory Auditors of our Company in the last three years:

### **Capitalizations of Reserves or Profits**

Save and except as stated in the chapter titled “*Capital Structure*” beginning on page 50 of this Prospectus, our Company has not capitalized its reserves or profits during the last five years.

### **Revaluation of Assets**

Our Company has not revalued its assets since incorporation.

### **Purchase of Property**

There is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus.

Except as stated elsewhere in this Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made there under.

### **Tax Implications**

Investors who are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the section titled “*Statement of Possible Tax Benefits*” beginning on page 74 of this Prospectus.

### **Payment or benefit to officers of our Company**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

## SECTION VIII:ISSUE INFORMATION

### TERMS OF THE ISSUE

*The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRR, the terms of thisProspectus, the Application Form, the Revision Form, the Confirmation of Allocation Note, and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the Government of India, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of this Issue and to the extent applicable.*

*Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the investors applying in a public issue shall use only Application supported by Blocked Amount (ASBA) facility for making payment.*

*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 websites of the concerned stock exchanges 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 shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of allotment in accordance with the Companies Act and the Articles. For further details, please refer to the section titled “Main Provisions of the Articles of Association of the Company” beginning on page 280 of thisProspectus.

### Authority for the Issue

Our Board has, pursuant to its resolution dated January 5, 2018 authorized this Fresh Issue, subject to approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013.

The shareholders of our Company have authorised this Fresh Issue by a special resolution adopted pursuant to Section 62(1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting of the Company held on January 8, 2018 and authorised the Board to take decisions in relation to this Issue.

We have received approval from the BSE Limited for the listing of our Equity Shares pursuant to letter dated February 19, 2018.

### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, SEBI Listing Regulations and recommended by the Board of Directors and approved by the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our shareholders in cash and 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" beginning on page 150 of this Prospectus.

### **Face Value and Issue Price**

The face value of the Equity Shares is ₹10 each. The Issue Price is ₹ 65 per Equity Share. The Issue Price has been determined by our Company in consultation with the Lead Manager and is justified under the chapter titled "Basis for Issue Price" beginning on page 70 of this Prospectus.

There shall be only one denomination of the Equity Shares of our Company at any given point of time, subject to applicable laws.

### **Compliance with SEBI ICDR Regulations**

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all applicable 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 provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to receive Annual Reports and notices to members;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims 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 company under the Companies Act, the terms of the listing agreements executed with the Stock Exchange, 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 such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled "Main provisions of the Articles of Association of our Company" beginning on page 280 of this Prospectus.

### **Market Lot, Trading Lot and Minimum Application Value**

As per the provisions of Section 29 of the Companies Act, 2013, the equity shares shall be allotted only in dematerialised form. As per the existing SEBI ICDR Regulations, the trading of the equity shares shall only be in dematerialised form for all investors.

The trading of the equity shares shall be at a minimum contract size of 2,000 equity shares and the same may be modified by BSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Issue will be done in multiples of 2,000 Equity Shares subject to a minimum allotment of 2,000 Equity Shares to the successful applicants in terms of the SEBI circular no. IR/MRD/DSA/06/2012 dated February 21, 2012.

### **Minimum Number of Allottees**

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 6 working days of closure of issue.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint holders with benefits of survivorship.

### **Jurisdiction**

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mohali (Punjab), India only.

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

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

### **Nomination Facility to the Investor**

In accordance with Section 72 of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority of the nominee. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

Any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors wish to amend their nomination, they are requested to inform their respective depository participant.

**Period of Operation of subscription list of public issue**

<b>ISSUE OPENS ON</b>	<b>March 12, 2018</b>
<b>ISSUE CLOSES ON</b>	<b>March 14, 2018</b>

**Minimum Subscription**

This Issue being 100% underwritten is not restricted to any minimum subscription level.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not to be subscribed and the sum payable on application is not received within a period of thirty 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 100% subscription of the Issue through this offer document including devolvment of Underwriters, if any, within sixty (60) days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the 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 (ICDR) Regulations, the Companies Act, 2013 and other applicable law.

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 shall be unblocked within 6 working days of closure of the Issue.

Further, in accordance with Regulation 106Q 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 Lakhonly) per application.

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

**Migration to Main Board**

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

i. If the Paid up Capital of our Company is likely to increase above ₹2,500 Lacs by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc., (which would have to be approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to BSE 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

ii. Where the paid up Capital of our company exceeds ₹1,000 Lacs but is below ₹2500 Lacs, our Company may apply for migration to the Main Board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.



### **Market Making**

The shares offered through this issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing of shares offered through this Prospectus or such other time as may be prescribed by the Stock Exchange. For further details of the agreement entered into amongst our Company, the Lead Manager and the Market Maker see chapter titled “General Information” beginning on page 44 of this Prospectus.

### **Arrangement for disposal of odd lot**

The trading of the equity shares will be in the minimum contract size of 2,000 shares pursuant to the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. Where value of shareholding of a shareholder is less than the minimum contract size allowed for trading on the SME Platform of BSE, the market maker shall buy the entire shareholding of such shareholder in one lot.

### **Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer the section titled “Main Provisions of Articles of Association” of our Company beginning on page no. 280 of this Prospectus.

### **As per the extant policy of the Government of India, OCBs cannot participate in this Issue**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/ RBI while granting such approvals.

### **Option to receive Equity Shares in Dematerialized Form**

As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares to successful applicants will be made only in dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Issue.

### **Application by eligible NRIs, FPIs registered with SEBI, VCFs, AIFs registered with SEBI and QFIs**

It is to be understood that there is no reservation for eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

Restriction, if any, on transfer and transmission of shares Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in chapter titled "Capital Structure" beginning on page 50 of this Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. For details please refer to the chapter titled "Main Provisions of the Articles of Association" beginning on page 280 of this Prospectus.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which any occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

### **Circuit Filter**

In terms of the Bombay Stock Exchange Notice No. 20120123-26 dated January, 2012, and SEBI Circular No.: CIR/MRD/DP/02/2012, dated January 20, 2012, for issue size up to Rs. 250 Crores, trading shall take place in the Trade for Trade Segment for the first 10(ten) days with applicable price bands, wherein for the first day:

- No price band during pre-open session through call auction mechanism
- The Price band in the normal trading session shall be 5% of the equilibrium price/ issue price.

As the issue size is less than Rs. 250 crores, the above circuit filter shall apply in respect of the price of the equity shares of our Company for the first 10(ten) days of the listing of the equity shares of our Company.

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital exceed more than ten crores rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please see the chapters titled "Terms of the Issue" and "Issue Procedure" beginning on page nos.224 and 233 respectively of this Prospectus

### Issue Structure

Initial Public Issue of 40,86,000 Equity Shares of Rs. 10 each (the "Equity Shares") for cash at a price of Rs.65 per Equity Share (including a Share premium of Rs 55 per Equity Share) aggregating to Rs. 2655.90 lakhs ("the Issue") by Active Clothing Co. Limited (ACCL" or the "Company" or the "Issuer").

The issue comprises a reservation 2,06,000 Equity Shares of Rs. 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion") and a Net Issue to Public of 38,80,000 Equity Shares of Rs. 10 each ("the Net Issue"). The Issue and the Net Issue will constitute 26.34% and 25.01%, respectively of the post issue paid up equity share capital of the company. The Issue is being made through the Fixed Price Process.

Particulars of the Issue	Net Issue to Public	Market Maker Reservation Portion
Number of Equity Shares available for allocation	Upto 38,80,000 Equity Shares	Upto 2,06,000 Equity Shares
Percentage of Issue Size available for allocation	94.96% of the Issue Size	5.04 % of the Issue Size
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate subject to minimum allotment of 2,000 Equity Shares and further allotment in multiples of 2,000 Equity Shares each. For further details please refer to the chapter titled "Issue Procedure-Basis of Allotment" beginning on page 233 of this Prospectus.	Firm Allotment
Mode of Application	All the applicants shall make the application (online or physical) through the ASBA Process only	ASBA Process only
Minimum Application Size	<b>For QIB and NII:</b> Such number of Equity Shares in multiples of 2,000 Equity Shares such that the Application Value exceeds Rs. 2.00 lakhs.  <b>For Retail Individuals:</b>  2,000 Equity Shares	2,06,000 Equity Shares

Maximum Application Size	<b>For QIB and NII:</b> The maximum application size is the Net Issue to public subject to limits the investor has to adhere under the relevant laws and regulations applicable  <b><u>For Retail Individuals:</u></b> Such number of Equity Shares in multiples of 2,000 Equity Shares such that the Application Value does not exceed ₹2,00,000/-.	Upto 2,06,000 Equity Shares
Mode of Allotment	Dematerialized Form	Dematerialized Form
Trading Lot	2,000 Equity Shares	2,000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form	

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

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

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

#### **Withdrawal of the Issue**

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

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs, to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If the Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering/Issue of Equity Shares, the Company will file a fresh Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, this Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company will apply for only after Allotment; and (ii) the final RoC approval to the Prospectus after it is filed with the RoC.

### Issue Programme

ISSUE OPENING DATE	<b>March 12, 2018</b>
ISSUE CLOSING DATE	<b>March 14, 2018</b>

Applications and any revisions to the same will be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centers mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

## ISSUE PROCEDURE

All Applicants should review the General Information Document for investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the “General Information Document”) included below under section “**Part B – General Information Document**”, which highlights the key rules, processes and procedure applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI (ICDR) Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchange and the Lead Manager. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

Please note that the information stated/ covered in this section may not be complete and/ or accurate and as such would be subject to modification/ change. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company and the Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Applicants are advised to make their own independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

This section applies to all the Applicants. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.

### PART A

#### Fixed Price Issue Procedure

This Issue is being made under Regulation 106M(2) of Chapter XB of SEBI (ICDR) Regulations through a Fixed Price Process. Applicants are required to submit their Applications to the Application Collecting Intermediaries. In case of QIB Applicants, our Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Applicants 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 Forms

Pursuant to SEBI Circular dated January 1, 2016 and bearing no. CIR/CFD/DIL/1/2016, the Application Form has been standardized. Also, please note that pursuant to SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in public issues can only invest through ASBA mode. The prescribed colours of the Application Form for various investors applying in the Issue are as follows:

Category	Colour
Resident Indians / NRI's applying on a non-repatriation basis	White
Non-Residents including eligible NRI's, FPIs, FIIs, FVCIs, etc. applying on a repatriation basis	Blue

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this 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 submit their applications only through any of the following Application Collecting Intermediaries:

- i. an SCSB, with whom the bank account to be blocked, is maintained;
- ii. a syndicate member (or sub-syndicate member);
- iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) (“broker”);
- iv. a depository participant (“DP”) (whose name is mentioned on the website of the stock exchange as eligible for this activity); and
- v. a registrar to an issue and share transfer agent (“RTA”) (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforementioned intermediaries shall, at the time of receipt of application, give an acknowledgement to the investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

For applications submitted by investors to SCSB:	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to the intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.

Upon completion and submission of the Application Form to the Application Collecting Intermediaries, the Applicants are deemed to have authorised our Company to make 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 Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue, as mentioned in the Application Form. The Application Forms may also be downloaded from the website of BSE Limited i.e. [www.bseidnia.com](http://www.bseidnia.com)

#### **Who can apply?**

In addition to the category of Applicants as set forth under “General Information Document for Investing in Public Issue”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporate or foreign individuals only under the Non Institutional Investors (NIIs) category;

- Scientific and/or industrial research organization authorized in India to invest in the Equity Shares; and
- Any other persons eligible to apply in this Offer under the laws, rules, regulations, guidelines and policies applicable to them.

#### **Option to subscribe in the Issue**

- a. As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares shall be in dematerialised form only.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/ minimum number of specified securities that can be held by him/ her/ it under the relevant regulations/ statutory guidelines and applicable law.

#### **Participation by associates / affiliates of LM and Syndicate Members**

The Lead Manager shall not be allowed to purchase in this Issue in any manner, except for fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager, if any, may purchase the Equity Shares in the issue, either in the QIB Category or in the Non-institutional Category as may be applicable to such Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

#### **Application by Indian Public including eligible NRIs applying on Non-Repatriation**

Application must be made only in the names of individuals, limited companies or statutory corporations/institutions and not in the names of minors, foreign nationals, Non Resident Indian (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), HUFs, 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 debit to NRE/FCNR accounts as well as NRO accounts.

#### **Applications by eligible NRIs/RPFT's on Repatriation Basis**

Application Forms have been made available for eligible NRIs at our Registered Office and at the Registered Office of the Lead Manager. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies *vide* notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRIs subject to the terms and conditions stipulated therein. Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs on repatriation basis. Allotment of equity shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

#### **As per the current regulations, the following restrictions are applicable for investments by FPIs:**

1. A foreign portfolio investor shall Invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by domestic mutual funds,



- whether listed on a recognized stock exchange or not; (c) Units of schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized stock exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as 'Infrastructure Finance Companies' (IFCs) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.
2. Where a foreign institutional investor or a sub account, prior to commencement of these regulations, holds equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after initial public offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment for the time being in force.
3. In respect of investments in the secondary market, the following additional conditions shall apply:
- a. A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
  - b. Nothing contained in clause (a) shall apply to:
    - i. Any transactions in derivatives on a recognized stock exchange;
    - ii. Short selling transactions in accordance with the framework specified by the Board;
    - iii. Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - iv. Any other transaction specified by the Board.
  - c. No transaction on the stock exchange shall be carried forward;
  - d. The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to:
    - i. transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
    - ii. sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - iii. sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;
    - iv. Sale of securities, in accordance with the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998;
    - v. divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines for Disinvestment of Shares by Indian Companies in the overseas market through issue of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;

- vi. Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
  - vii. Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - viii. Any other transaction specified by the Board.
- e. A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form:  
Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized.
- 4. Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.
  - 5. The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.
  - 6. The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.
  - 7. In cases where the Government of India enters into agreements or treaties with other sovereign governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.
  - 8. A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard.

No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:

- a. Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;
- b. Such offshore derivative instruments are issued after compliance with 'know your client' norms:

Provided that those unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal in offshore derivatives instruments directly or indirectly.

Provided further that no Category III foreign portfolio investor shall issue, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly.

A foreign portfolio investor shall ensure that further issue or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.

Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to off-shore derivative instruments such as participatory notes, equity linked notes or any other such instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.

Any offshore derivative instruments issued under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014.

The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10% of the total issued capital of the company.

An FII or its subaccount which holds a valid certificate of registration shall, subject to payment of conversion fees, be eligible to continue to buy, sell or otherwise deal in securities till the expiry of its registration as a foreign institutional investor or sub-account, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

A qualified foreign investor may continue to buy, sell or otherwise deal in securities subject to the provisions of the SEBI (Foreign Portfolio Investors) Regulations, 2014, for a period of one year from the date of commencement of the aforesaid regulations, or until it obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

#### **Application by Mutual Funds**

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

#### **Applications by Limited Liability Partnerships**

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended ("LLP Act") a certified copy of certificate of registration issued under the LLP Act must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

#### **Applications by Insurance Companies**

In case of applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application, without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "IRDA Investment Regulations"), are broadly set forth below:

- a) *Equity shares of a company*: The least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

*The entire group of the investee company*: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of Unit Linked Insurance Plans); and

- b) *The industry sector in which the investee company operates*: 10% of the insurer's total investment exposure to the industry sector (25% in case of Unit Linked Insurance Plans).

### **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 ₹2,500 Lacs (subject to applicable law) and pension funds with a minimum corpus of ₹2,500 Lacs, 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.

With respect to applications by VCFs, FVCIs, and FPIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may belong with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of ₹2,500Lacs (subject to applicable law) and pension funds with minimum corpus of ₹2,500Lacs, 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.

### **Application by Provident Funds/ Pension Funds**

In case of applications made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹2,500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application, in whole or in part, in either case, without assigning any reason thereof.

The above information is given for the benefit of the Applicants. Our Company and the 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 any single application from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable limits under laws or regulations or as specified in this Prospectus.

**Information for the Applicants:**

1. Our Company and the Lead Manager shall declare the Issue Opening Date and the Issue Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation, this advertisement shall be in the prescribed format.
2. Our Company will file the Prospectus with the RoC at least 3 (three) working days before the Issue Opening Date.
3. Any Applicant (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Registered Office.
4. Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorised agent(s).
5. Applications should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the designated branch. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
6. The Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries. Further, Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
7. Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI (ICDR) Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Applicants.
8. The Applicants may note that in case the PAN, the DP ID and the 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.

## Method and Process of Applications

1. Applicants are required to submit their applications during the Issue Period only through the following Application Collecting intermediary
  - i. an SCSB, with whom the bank account to be blocked, is maintained
  - ii. a syndicate member (or sub-syndicate member), if any
  - iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')
  - iv. a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
  - v. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
2. The Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding 10 Working Days.
3. 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.
4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to Application Collecting Intermediaries. Submission of a second Application Form to either the same or to another Application Collecting 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.
5. The intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

For applications submitted by investors to SCSB:	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.

6. Upon receipt of the Application Form directly or through other intermediary, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal

to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, and if sufficient funds are not available in the ASBA Account the application will be rejected.

7. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Applicant on request.
8. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

### **Terms of Payment**

The entire issue price of ₹ 65 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 will transfer the amount as per the instruction received by the Registrar to the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be unblocked by the SCSBs.

The Applicants should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Bankers to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.

### **Payment mechanism for Applicants**

The Applicants shall specify the bank account number in the Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until 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, all investors applying in this Issue shall mandatorily make use of ASBA facility.



### **Electronic Registration of Applications**

1. The Application Collecting Intermediary will register the applications using the on-line facilities of the Stock Exchange.
2. The Application Collecting Intermediary will undertake modification of selected fields in the application details already uploaded before 1.00 p.m. of the next Working Day from the Issue Closing Date.
3. The Application Collecting Intermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by them, (ii) the applications uploaded by them, (iii) the applications accepted but not uploaded by them or (iv) in case the applications accepted and uploaded by any Application Collecting Intermediary other than SCSBs, the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Lead Managers nor our Company, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by any Application Collecting Intermediaries, (ii) the applications uploaded by any Application Collecting Intermediaries, or (iii) the applications accepted but not uploaded by the Application Collecting Intermediaries.
5. The Stock Exchange will offer an electronic facility for registering applications for the Issue. This facility will be available at the terminals of the Application Collecting Intermediaries and their authorized agents during the Issue Period. The Designated Branches or the agents of the Application Collecting Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Issue Closing Date, the Application Collecting Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Application Collecting Intermediaries shall enter the following information pertaining to the Applicants into the on-line system:
  - Name of the Applicant;
  - IPO Name;
  - Application Form number;
  - Investor category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;
  - Numbers of Equity Shares Applied for;
  - Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.



7. In case of submission of the Application by an Applicant through the electronic mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the electronic application form number which shall be system generated.
8. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively. The registration of the application by the Application Collecting Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted by our Company.
9. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
10. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Prospectus. The Application Collecting Intermediaries shall have no right to reject applications, except on technical grounds.
11. The permission given by the Stock Exchange to use its network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.
12. The Application Collecting Intermediaries will be given time till 1.00 p.m. on the next Working Day after the Issue Closing Date to verify the PAN, DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
13. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for ASBA applications.

#### **Allocation of Equity Shares**

1. The Issue is being made through the Fixed Price Process wherein 2,06,000 Equity Shares shall be reserved for Market Maker. 19,40,000 Equity Shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from Retail Individual Applicants at the Issue Price. The balance of the Net Issue will be available for allocation on a proportionate basis to Non Retail Applicants.
2. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Manager and the Stock Exchange.
3. Allocation to Non-Residents, including eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
4. In terms of the SEBI (ICDR) Regulations, Non Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.

5. Allotment status details shall be available on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and Filing of Prospectus with RoC**

- a) Our Company has entered into an Underwriting agreement dated February 15, 2018.
- b) A copy of the Prospectus will be filed with the RoC in terms of Section 26 of the Companies Act, 2013.

### **Pre-issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in: (i) English National Newspaper; (ii) Hindi National Newspaper; and (iii) Regional Newspaper, each with wide circulation.

### **Issuance of Allotment Advice**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Lead Manager or the Registrar to the Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.

### **GENERAL INSTRUCTIONS**

#### **Do's:**

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the applicable Application Form;
3. Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialized form only;
4. Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
5. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
6. 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;
7. Ensure that you have funds equal to the Application Amount in the ASBA account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations); Instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
8. Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
9. Ensure that the Application Forms are delivered by the applicants within the time prescribed as per the Application Form and the Prospectus;
10. All Investors submit their applications through the ASBA process only;
11. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
12. The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not apply for lower than the minimum Application size;
2. Do not apply at a price different from the price mentioned herein or in the Application Form;
3. Do not apply on another Application Form after you have submitted an Application to the SCSBs, Registered Brokers of Stock Exchange, RTA and DPs registered with SEBI.
4. Do not pay the Application price in cash, by money order or by postal order or by stock invest;
5. Do not send Application Forms by post; instead submit the same to the Application Collection Intermediaries only;
6. Do not submit the Application Forms to any non-SCSB bank or our Company;
7. Do not apply on an Application Form that does not have the stamp of the relevant Application Collection Intermediary;
8. Do not submit the application without ensuring that funds equivalent to the entire application Amount are blocked in the relevant ASBA Account;
9. Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
10. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
11. Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
12. Do not submit applications on plain paper or incomplete or illegible application forms in a colour prescribed for another category of Applicant; and
13. Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.

**Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the Application Collecting Intermediaries. Application Forms, which do not bear the stamp of the Application Collecting Intermediaries, will be rejected.

SEBI, *vide* circular no. CIR/CFD/14/2012 dated October 4, 2012 has introduced an additional mechanism for investors to submit Application Forms in public issues using the stock broker ('broker') network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 1, 2013. The list of broker centres is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com). With a view to broadbase the reach of investors by substantially enhancing the points for submission of applications, SEBI *vide* circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public Issue with effect from January 1, 2016. The list of RTA and DP centres for collecting the application shall be disclosed and is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.com).

**Applicant's Depository Account and Bank Details**

Please note that, providing bank account details, PAN, Client ID and DP ID in the space provided in the Application Form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification Number and Beneficiary Account Number provided by them in the Application Form,

as entered into the Stock Exchange online system, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants' bank account details, MICR Code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on their records.

#### **Submission of Application Form**

All Application Forms duly completed shall be submitted to the Application Collecting Intermediaries.

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

#### **Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicant's 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.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

#### **Disposal of applications and application moneys and interest in case of delay**

The Company shall ensure the dispatch of Allotment advice and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 2 (two) Working Days from the date of Allotment of Equity Shares.

Our Company shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 6 (six) Working Days of the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI (ICDR) Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made within 6 (six) Working Days of the Issue Closing Date;
- Our Company will provide adequate funds required for dispatch of allotment advice to the Registrar to the Issue.

### **Impersonation**

*Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

*“Any person who-*

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

*shall be liable for action under Section 447”.*

### **Undertakings by our Company**

The Company undertakes as follows:

1. That the complaints received in respect of the Issue shall be attended expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 6 (six) Working days of Issue Closing Date;
3. That the funds required for dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. That if the Company do not proceed with the Issue, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
5. That our Promoter's contribution in full has already been brought in;
6. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.; and
7. That if the Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/SEBI, in the event our Company subsequently decides to proceed with the Issue.

### **Utilisation of Issue Proceeds**

The Board of Directors of our Company certifies that:

1. all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;

3. details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested;
4. Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue;
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received ;and
6. The Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactorily.

#### **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 has signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

1. Agreement dated February 5, 2018 among NSDL, the Company and the Registrar to the Issue;
2. Agreement dated February 6, 2018 among CDSL, the Company and the Registrar to the Issue;

The Company's shares bear ISIN INE380Z01015.

## PART B

### GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Draft Prospectus/Prospectus before investing in the Issue.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken inter-alia through Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations, 2009**”).

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue; are set out in the Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **LM(s)** to the Issue and on the website of Securities and Exchange Board of India (“**SEBI**”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE

##### 2.1 Initial Public Offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is inter-alia required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under of chapter XB of the SEBI ICDR Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post-issue face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.

- Regulation 106M (2): An issuer, whose post issue face value capital, is more than ten crore rupees and upto twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present Issue being made under Regulation 106M (2) of Chapter XB of SEBI ICDR Regulations.

## **2.2 Other Eligibility Requirements**

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (2) of Chapter XB of SEBI ICDR Regulations:

- a) In accordance with Regulation 106(P) of the SEBI ICDR Regulations, Issue has to be 100% underwritten and the LM has to underwrite at least 15% of the total issue size.
- b) In accordance with Regulation 106(R) of the SEBI ICDR Regulations, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 40 of the Companies Act, 2013.
- c) In accordance with Regulation 106(O) the SEBI ICDR Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issued any observations on the Offer Document. The Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.
- e) The Issuer shall have Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results.
- f) The Net worth (excluding revaluation reserves) of the Issuer shall be at least Rs. 3 crore as per the latest audited financial results.
- g) The Issuer should have a track record of distributable profits in terms of Section 123 of Companies Act, 2013 for two out of immediately preceding three financial years or it should have net worth of at least Rs. 5 Crores.
- h) The Post-issue paid up capital of the Issuer shall be at least Rs. 3 Crore.
- i) The Issuer shall mandatorily facilitate trading in demat securities.
- j) The Issuer should not been referred to Board for Industrial and Financial Reconstruction.
- k) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.



- l) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the Issuer.
- m) The Company should have a website.
- n) There has been no change in the promoter of the Company in the one year preceding the date of filing application to BSE for listing on SME segment. Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI ICDR Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI ICDR Regulations, 2009 shall not apply to this Issue.

Thus Company is eligible for the Issue in accordance with regulation 106M (2) and other provisions of chapter XB of the SEBI ICDR Regulations as the post issue face value capital exceeds Rs.1,000 Lacs. Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

### **2.3 Types of Public Issues - Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Prospectus (in case of a Fixed Price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Issue Opening Date, in case of an IPO and at least one Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### **2.4 Issue Period**

The Issue shall be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period. Details of Issue Period are also available on the website of Stock Exchange(s).

### **2.5 Migration to Main Board**

SME Issuer may migrate to the Main Board of SE from the SME Exchange at a later date subject to the following:

- (a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue, etc., (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by

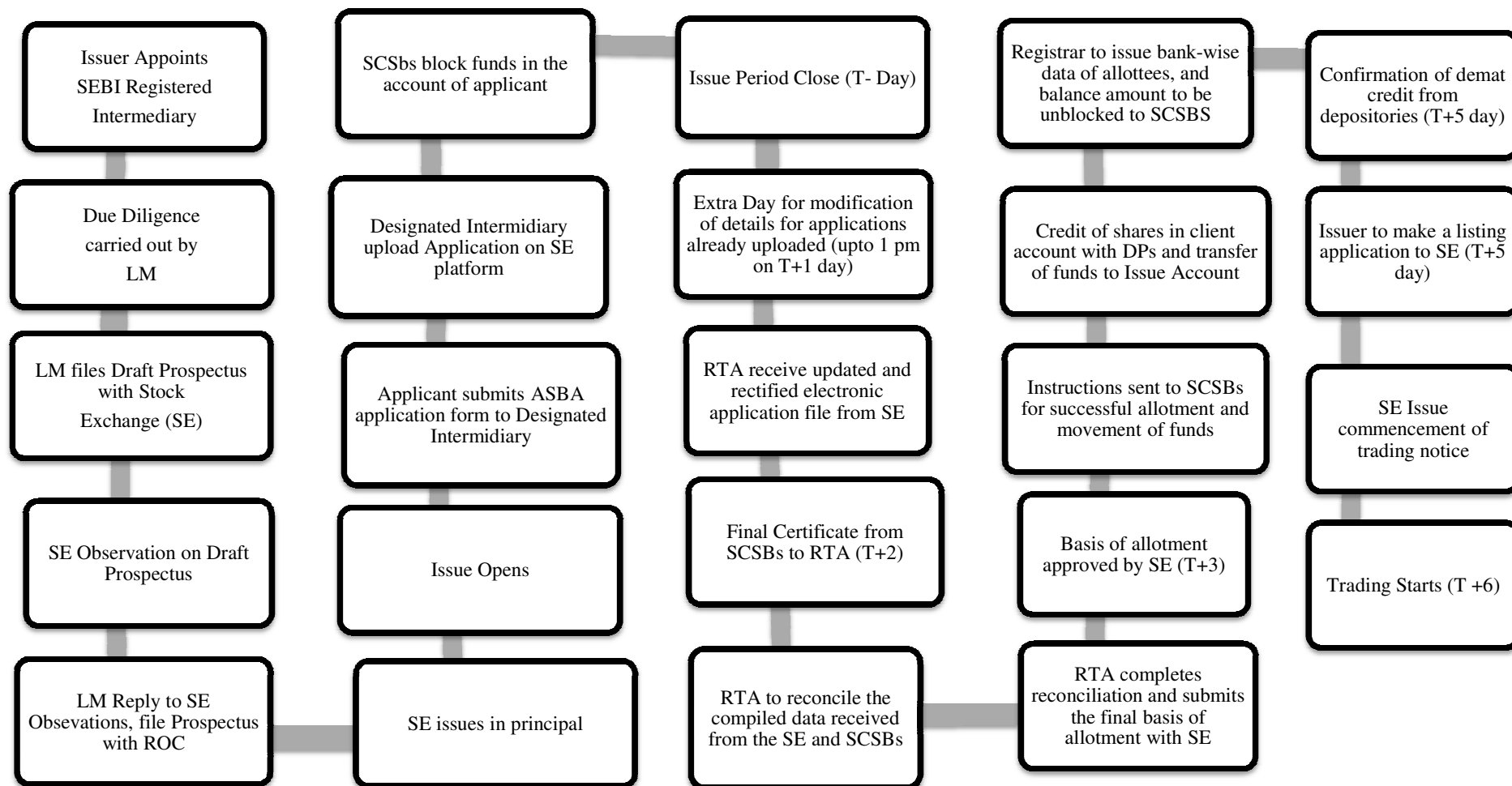
shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- (b) If the Paid up Capital of the company is more than Rs.10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## **2.6 Flowchart of Timelines**

A flow chart of process flow in Fixed Price Issues is as follows:



### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

***Each Applicant should check whether it is eligible to apply under applicable law.*** Furthermore, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

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 as natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
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 Rs. 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; and
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.

#### **SECTION 4: APPLYING IN THE ISSUE**

Fixed Price Issue: Applicants should only use the specified Application Form either bearing the stamp of Application Collecting Intermediaries as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs, at the registered office of the Issuer and at the corporate office of LM. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Application Form for various categories of Applicants is as follows:

<b>Category</b>	<b>Colour of the Application</b>
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FPIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), on a repatriation	Blue

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

#### **4.1 INSTRUCTIONS FOR FILING THE APPLICATION FORM (FIXED PRICE ISSUE)**

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

## Application Form

COMMON BID CUM APPLICATION FORM	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> Address : ..... Contact Details : ..... CIN No : .....	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS																								
LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	Bid cum Application Form No. <span style="border: 1px solid black; padding: 2px;">INE00000000000</span>																								
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>    <b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>    <b>BANK BRANCH SERIAL NO.</b> </div> <div style="width: 30%;"> <b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>    <b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>    <b>SCSB SERIAL NO.</b> </div> <div style="width: 35%;"> <b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>          Mr. / Ms. _____          Address _____          Email _____          Tel. No (with STD code) / Mobile _____       </div> </div>																										
<b>2. PAN OF SOLE / FIRST BIDDER</b> _____																										
<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID																										
<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>																										
Bid Options:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">No. of Equity Shares Bid (In Figures) (Must be in multiples of Bid Lot as advertised)</th> <th colspan="3">Price per Equity Share (₹): "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</th> </tr> <tr> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>(OR) Option 2</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>(OR) Option 3</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table>	No. of Equity Shares Bid (In Figures) (Must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹): "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			Bid Price	Retail Discount	Net Price	Option 1	_____	_____	_____	(OR) Option 2	_____	_____	_____	(OR) Option 3	_____	_____	_____	<b>5. CATEGORY</b> <input type="checkbox"/> Retail Investor Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB					
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	Bid Price	Retail Discount	Net Price																							
Option 1	_____	_____	_____																							
(OR) Option 2	_____	_____	_____																							
(OR) Option 3	_____	_____	_____																							
<b>6. INVESTOR STATUS</b> <input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternative Investment Funds - AIF <input type="checkbox"/> Others (Please specify) - OTH																										
<b>7. PAYMENT DETAILS</b> <input type="checkbox"/> FULL PAYMENT <input type="checkbox"/> PART PAYMENT Amount paid (₹ in figures) _____ (₹ in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____																										
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ANNEXED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES (GID) AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.																										
<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b> _____ Date : _____																										
<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S)</b> (AS PER BANK RECORDS) I/We authorize the SCSB to do all acts as are necessary to make the Application in the line 1) _____ 2) _____ 3) _____																										
<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b> _____																										
TEAR HERE																										
LOGO	<b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - R</b>	Bid cum Application Form No. <span style="border: 1px solid black; padding: 2px;">_____</span> PAN of Sole / First Bidder _____																								
DPID / CLID _____																										
Amount paid (₹ in figures) _____ Bank & Branch _____ ASBA Bank A/c No. _____ Received from Mr./Ms. _____ Telephone / Mobile _____ Email _____																										
TEAR HERE																										
<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> </thead> <tbody> <tr> <td>No. of Equity Shares</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Bid Price</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Amount Paid (₹)</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>ASBA Bank A/c No.</td> <td colspan="3">_____</td> </tr> <tr> <td>Bank &amp; Branch</td> <td colspan="3">_____</td> </tr> </tbody> </table>		Option 1	Option 2	Option 3	No. of Equity Shares	_____	_____	_____	Bid Price	_____	_____	_____	Amount Paid (₹)	_____	_____	_____	ASBA Bank A/c No.	_____			Bank & Branch	_____			Stamp & Signature of Broker / SCSB / DP / RTA _____ Name of Sole / First Bidder _____ <b>Acknowledgement Slip for Bidder</b> Bid cum Application Form No. <span style="border: 1px solid black; padding: 2px;">_____</span>
	Option 1	Option 2	Option 3																							
No. of Equity Shares	_____	_____	_____																							
Bid Price	_____	_____	_____																							
Amount Paid (₹)	_____	_____	_____																							
ASBA Bank A/c No.	_____																									
Bank & Branch	_____																									



## NRI Application Form

TEAR HERE	<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b> Address : ..... Contact Details: ..... CIN No. ....	For Eligible NRI, FI, FVCI, applying on Restriction Basis
	LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	<div style="border: 1px solid black; padding: 2px;">FIXED PRICE GME ISSUE</div> <div style="border: 1px solid black; padding: 2px;">INE0000000000</div>
			Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
	SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP-RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
	SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE	Mr. / Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
			Address <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
			Email <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
			Tel. No (with STD code) / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
	BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	2. PAN OF SOLE / FIRST BIDDER
			<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
	3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL		
	For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID		
	4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")		
	Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)
		Bid Price	Retail Discount
		Net Price	"Cut-off" (Please tick)
	Option 1	<span style="border: 1px solid black; display: inline-block; width: 40px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 40px; height: 20px;"></span>
	(OR) Option 2	<span style="border: 1px solid black; display: inline-block; width: 40px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 40px; height: 20px;"></span>
	(OR) Option 3	<span style="border: 1px solid black; display: inline-block; width: 40px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 40px; height: 20px;"></span>
			5. CATEGORY
			<input type="checkbox"/> Retail Institutional Bidder
			<input type="checkbox"/> Non-Institutional Bidder
			<input type="checkbox"/> QIB
	6. Investor Status		
	<input type="checkbox"/> Non-Resident Indians (Residential based) NRI		
	<input type="checkbox"/> Foreign Institutional Investor FI		
	<input type="checkbox"/> Foreign Venture Capital Investor FVCI		
	<input type="checkbox"/> FI Sub Account Corporate/Individual FI SA		
	<input type="checkbox"/> Others (Please Specify) OTH		
	7. PAYMENT DETAILS		
	Amount paid (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span> (₹ in words) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	Bank Name & Branch <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED AMENDED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.		
	8A. SIGNATURE OF SOLE / FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	
		I/We authorize the SCSB to do all acts as are necessary to make the Application in the line	
		1) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	
		2) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	
		3) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	
	Date : <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	TEAR HERE		
	LOGO	<b>XYZ LIMITED</b> INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/ DP-RTA
			Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
	DPID / CRAD	PAN of Sole / First Bidder	
		<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	
	Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
	ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	Received from Mr./Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	Telephone / Mobile	Email	
	TEAR HERE		
	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR	Option 1    Option 2    Option 3	Stamp & Signature of Broker / SCSB / DP / RTA
	No. of Equity Shares		
	Bid Price		
	Amount Paid (₹)		
	ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	Bank & Branch <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	Name of Sole / First Bidder		
	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	Acknowledgement Slip for Bidder		
	Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		
	TEAR HERE		

#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST APPLICANT

Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- a) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications (letters notifying the unblocking of the bank accounts of Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- b) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- c) **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*‘Any person who:*

- *makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or*
  - *makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
  - *otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,*
- shall be liable for action under section 447 of the said Act.’*

- d) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

#### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE /FIRST APPLICANT

- a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories’ records.



- b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim ("PAN Exempted Applicants"). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- e) Applications by Applicants whose demat accounts have been "suspended for credit" are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

#### **4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS**

- a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**
- b) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to an Issue.
- d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk.

#### **4.1.4 FIELD NUMBER 4: APPLICATION DETAILS**

- a) The Issuer may mention Price in the Prospectus. However a prospectus registered with RoC contains one price.
- b) Minimum and Maximum Application Size

**i. For Retail Individual Applicants**

The Application must be for a minimum of 2,000 Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application for only minimum Application size i.e. for 2,000 Equity Shares.

**ii. For Other Applicants (Non Institutional Applicants and QIBs)**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 2,00,000 and in multiples of 2,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Prospectus.

- c) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to Application Collecting Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- d) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
  - ii. For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- e) The following applications may not be treated as multiple Applications:
  - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
  - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.

- iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.1.5 FIELD NUMBER 5: CATEGORY OF APPLICANTS**

- i. The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Application, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- iii. The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation, applicant may refer to the Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- b) Certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- d) Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD 7: PAYMENT DETAILS**

- a) All Applicants are required to use ASBA facility to block the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the funds shall be blocked for Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- b) All categories of investors can participate in the Issue only through ASBA mechanism.
- c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

Please note that, providing bank account details in the space provided in the Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

#### **4.1.7.1 Payment instructions for Applicants**

- a) Applicants may submit the Application Form either
  - 1) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Application Form, or
  - 2) in physical mode to any Application Collecting Intermediaries.
- b) Applicants should specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder.
- d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- e) From one ASBA Account, a maximum of five Application Forms can be submitted.
- f) Applicants applying through a Registered Broker, RTA or CDP should note that Application Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in Application Form, is maintained has not named at least one branch at that location for the Registered Brokers, RTA or CDP, as the case may be, to deposit Application Forms.
- g) Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- h) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- i) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- k) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

- l) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and subsequent transfer of the Application Amount against the Allotted Equity Shares, if any, to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- m) SCSBs applying in the Issue must apply through an Account maintained with any other SCSB; else their Applications are liable to be rejected.

#### **4.1.8 Unblocking of ASBA Account**

- a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected/ partial/ non allotment ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 6 Working Days of the Issue Closing Date.

##### **4.1.8.1 Discount (if applicable)**

- a) The Discount is stated in absolute rupee terms.
- b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- c) For the Applicants entitled to the applicable Discount in the Issue the Application Amount less Discount (if applicable) shall be blocked.

##### **4.1.8.2 Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to block funds in their Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of applications by NRIs applying on a repatriation basis, payment of funds in their NRO Account shall not be accepted.

#### **4.1.9 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

- b) If the ASBA Account is held by a person or persons other than the Applicant, then the Signature of the ASBA Account holder(s) is also required.
- c) In relation to the ASBA Applications, signature has to be correctly affixed in the authorization/undertaking box in the Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the application amount mentioned in the Application Form.
- d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

#### **4.1.10 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- a) Applicants should ensure that they receive the acknowledgment duly signed and stamped by Application Collecting Intermediaries, as applicable, for submission of the Application Form.
- b) All communications in connection with Applications made in the Issue should be addressed as under:
  - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, the Applicants should contact the Registrar to the Issue.
  - ii. In case of Applications submitted to the Designated Branches of the SCSBs or Registered Brokers or Registered RTA/DP, the Applicants should contact the relevant Designated Branch of the SCSB or Registered Brokers or Registered RTA/DP, as the case maybe.
  - iii. Applicant may contact the Company Secretary and Compliance Officer or LM(s) in case of any other complaints in relation to the Issue.
- c) The following details (as applicable) should be quoted while making any queries -
  - i. Full name of the sole or First Applicant, Application Form number, Applicants' DP ID, ClientID, PAN, number of Equity Shares applied for, amount blocked on application.
  - ii. name and address of the Application Collecting Intermediary, where the Application was submitted; or
  - iii. In case of ASBA applications, ASBA Account number in which the amount equivalent to the application amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- b) RII may revise their applications till closure of the Issue period or withdraw their applications until finalization of allotment.

- c) Revisions can be made in both the desired number of Equity Shares and the Application Amount by using the Revision Form.
- d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the same Application Collecting Intermediaries through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

**Revision Form – R**



<b>COMMON BID REVISION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>
LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	<div style="border: 1px solid black; padding: 2px;">BOOK BUILT ISSUE</div> <div style="border: 1px solid black; padding: 2px;">ISIN : .....</div>
		Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
TEAR HERE		
SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
		Mr. / Ms. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
		Address <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
		Email <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
		Tel. No (with STD code) / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
2. PAN OF SOLE / FIRST BIDDER		
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL		
For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID		
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
PLEASE CHANGE MY BID		
4. FROM (AS PER LAST BID OR REVISION)		
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)
	8   7   6   5   4   3   2   1	Bid Price   Retail Discount   Net Price   "Cut-off"
Option 1	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
(OR) Option 2	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
(OR) Option 3	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")		
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)
	8   7   6   5   4   3   2   1	Bid Price   Retail Discount   Net Price   "Cut-off"
Option 1	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
(OR) Option 2	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
(OR) Option 3	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>	<span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
6. PAYMENT DETAILS		
Additional Amount Paid (₹ in figures)		PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
ASBA Bank A/c No.		
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
Bank Name & Branch		
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
<small>WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABBREVIATED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.</small>		
7A. SIGNATURE OF SOLE / FIRST BIDDER		7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 40px;"></span>		<span style="border: 1px solid black; display: inline-block; width: 100%; height: 40px;"></span>
Date : <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>		I/We authorize the SCSB to do all acts as are necessary to make the Application in the line 1) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span> 2) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span> 3) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
TEAR HERE		
LOGO	<b>XYZ LIMITED</b> BID REVISION FORM - INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA
		Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
TEAR HERE		
DPID / CLID		PAN of Sole / First Bidder
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>
Additional Amount Paid (₹)		Stamp & Signature of SCSB Branch
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>
ASBA Bank A/c No.		
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
Received from Mr./Ms.		
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
Telephone / Mobile		
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
Email		
<span style="border: 1px solid black; display: inline-block; width: 100%; height: 20px;"></span>		
TEAR HERE		
<b>XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>	Option 1   Option 2   Option 3 No. of Equity Shares Bid Price Additional Amount Paid (₹) ASBA Bank A/c No. Bank & Branch	Stamp & Signature of Broker / SCSB / DP / RTA Name of Sole / First Bidder Acknowledgement Slip for Bidder Bid cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>

#### 4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT, PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.



**4.2.2 FIELD 4 & 5: APPLICATION REVISION ‘FROM’ AND ‘TO’**

- a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.
- b) In case of revision of applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should exceed Rs. 2,00,000/- due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category.

**4.2.3 FIELD 6: PAYMENT DETAILS**

Applicant may Issue instructions to block the revised amount in the ASBA Account, to the Designated Branch through whom such Applicant had placed the original Application to enable the relevant SCSB to block the additional Application Amount, if any.

**4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

**4.3 SUBMISSION OF REVISION FORM/ APPLICATION FORM****4.3.1 Applicants may submit completed application form / Revision Form in the following manner:-**

<b>Mode of Application</b>	<b>Submission of Application Form</b>
All Investors Application	To the Application Collecting Intermediaries

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

**SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE****5.1 APPLICANTS MAY NOTE THAT THERE IS NO BID CUM APPLICATION FORM IN A FIXED PRICE ISSUE**

As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form. Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Application Collecting Intermediaries.

Applicants may submit an Application Form either in physical form to the any of the Application Collecting Intermediaries or in the electronic form to the SCSB or the Designated branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii)

other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

## **5.2 GROUNDS OF REJECTIONS**

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of 2000;
- Category not ticked;
- Multiple Applications as defined in the Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/ first Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date , unless the extended time is permitted by SE.
- Inadequate funds in the bank account to block the Application Amount specified in the Application Format the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchanges; and
- Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Application Form.
- Details of ASBA Account not provided in the Application form

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section of the GID.

**APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE APPLICATION COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.**

## **SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

This being Fixed Price Issue, this section is not applicable for this Issue.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

### **7.1 BASIS OF ALLOTMENT**

Allotment will be made in consultation with the SME Platform of BSE (the Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

- a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of Applicants in the category x number of Shares applied for).
- b) The number of Shares to be allocated to the successful Applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- c) For applications where the proportionate allotment works out to less than 2,000 equity shares the allotment will be made as follows:
  - i. Each successful Applicant shall be allotted 2,000 equity shares; and
  - ii. The successful Applicants out of the total applicants for that category shall be determined by the draw of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- d) If the proportionate allotment to an Applicant works out to a number that is not a multiple of 2,000 equity shares, the Applicant would be allotted Shares by rounding off to the nearest multiple of 2,000 equity shares subject to a minimum allotment of 2,000 equity shares.
- e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Applicants in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 2,000 Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
- f) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Applicants as described below:
  - i. As per Regulation 43 (4) of SEBI ICDR Regulations, as the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

- ii. The balance net offer of shares to the public shall be made available for allotment to:
  - individual applicants other than retails individual investors and
  - other investors, including corporate bodies/ institutions irrespective of number of shares applied for.
- iii. The unsubscribed portion of the net offer to any one of the categories specified in i) or ii) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with SE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI ICDR Regulations.

## 7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.
- b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. **Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.
- c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- d) **Issuer will ensure that:** (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Applicants Depository Account will be completed within 5 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within 5 Working Day from the Issue Closing Date.

## SECTION 8: INTEREST AND UNBLOCKING

### 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Issue Closing Date.

## **8.2 GROUNDS FOR REFUND**

### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith initiate to unblock the application amount from the Investors account

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 40 of the Companies Act, 2013 and as disclosed in the Prospectus.

### **8.2.2 MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under Section 73 of the Companies Act, 1956 (or the Company shall follow any other substitutional or additional provisions as has been or may be notified under the Companies Act, 2013).

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50 no allotment will be made pursuant to this Issue and the amounts in the ASBA Account shall be unblocked within 6 working days of closure of the issue.

Further in accordance with Regulation 106(Q) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rs.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 offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance without the applicable laws of such jurisdiction.

### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be unblocked forthwith.

### 8.3 MODE OF REFUND

Within 6 Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT

The Issuer may pay interest at the rate of 15% per annum, if allotment is not made or instructions for unblocking of funds in the ASBA Account are not done within the 6 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 working days from the Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

Term	Description
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Applicants
Allottee	An Applicant to whom the Equity Shares are Allotted
Applicant	Any prospective investor who makes an Application pursuant to the terms of the Prospectus and the Application Form.
Application	An indication to make an offer during the Offer Period by a prospective Applicant pursuant to submission of Application Form, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications there to.
Application Amount	The value indicated in the Application Form and payable by the Applicant upon submission of the Application, less discounts (if applicable).
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Form	The form, whether physical or electronic, used by Applicant to make an Application for Allotment in terms of the Prospectus
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Applicants to make an Application authorizing an SCSB to block the Application Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Public Issue Account(s) may be opened ,and as disclosed in the Prospectus and Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue

Term	Description
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009,
Broker Centres	Broker centres notified by the Stock Exchanges, where Applicants can submit the Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
Business Day	Monday to Saturday (except 2nd & 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Demographic Details	Details of the Applicants including the Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Designated Branches	Such branches of the SCSBs which may collect the Application Forms and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account of the Issuer after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Applicants in the Issue
Designated Intermediaries	SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	The designated stock exchange as disclosed in the Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Applicants in accordance with the SEBI ICDR Regulations, 2009.
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Prospectus	The Prospectus filed with Stock Exchange in case of Fixed Price Issues and which may mention a price
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and



Term	Description
	immediate relatives of the promoter. For further details Applicant may refer to the Prospectus
Equity Shares	Equity shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
First Applicant	The Applicant whose name appears first in the Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issue Closing Date	The date after which the SCSBs may not accept any application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Closing Date
Issue Opening Date	The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Issue Opening Date
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants can submit their Application, inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Lead Manager(s)
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable
Lead Manager/ LM	The Lead Manager to the Issue as disclosed in the Prospectus and the Application Form of the Issuer.
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Application Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Application Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996

Term	Description
Net Issue	The Issue less reservation portion
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the Prospectus and the Application Form
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Applied for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs and FVCIs
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Pricing Date	The date on which the Issuer in consultation with the Lead Manager(s), finalize the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of Companies Act 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar and Share Transfer Agents or RTAs	Registrar and Share Transfer Agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar to the Issue/RTI	The Registrar to the Issue as disclosed in the Prospectus and Application Form
Reservation Portion	The portion of the Issue reserved for such category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Reserved Category/ Categories	Categories of persons eligible for making application under reservation portion
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum application lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.

Term	Description
Retail Individual Investors / RIIs	Investors who applies for a value of not more than Rs. 200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Individual Shareholders	Shareholders of a listed Issuer who applies for a value of not more than Rs. 200,000.
Revision Form	The form used by the Applicant in an issue to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/ SE	The stock exchanges as disclosed in the Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Underwriters	The Lead Manager(s)
Underwriting Agreement	The agreement dated February 15, 2018 entered into between the Underwriters and our company.
Working Day	Any day, other than 2nd and 4th Saturday of the month, Sundays or public holidays, on which commercial banks in India are open for business, provided however, with reference to Issue Period, "Working Days" shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government, the FDI Policy (as defined below) and FEMA. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP, issued the consolidated FDI Policy by way of circular no. D/o IPP F. No. 5(1)/2016-FC-1 dated June 7, 2016 ("FDI Policy"), which with effect from June 7, 2016, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on June 6, 2016. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to Rule 144A of the U.S. Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and applicable laws of the jurisdictions where such offers and sales occur.**

**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 number of Equity Shares Apply for do not exceed the applicable limits under laws regulations.**

## **SECTION IX:MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

**The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the Extra Ordinary General Meeting held on December 16, 2017 in substitution for and to the entire exclusion of, the regulations contained in the existing Articles of Association of the Company.**

### **ACTIVE CLOTHING CO LIMITED**

#### **I PRELIMINARY**

1. Subject as hereinafter provided, the regulations contained in Table F in the First Schedule to the Companies Act, 2013 shall apply to the Company.

### **ARTICLES OF ASSOCIATION OF A COMPANY LIMITED BY SHARES**

#### **Interpretation**

#### **II. In these regulations—**

- (a) "the Act" means the Companies Act, 2013,
- (b) "the seal" means the common seal of the company.

### **ALTERATION OF CAPITAL**

1. The Authorized Share Capital of the Company is such amount, as stated, for the time being, or may be Varied, from time to time, under the provisions of the Act, in the Clause V of the Memorandum of Association of the Company, divided into such number, classes and descriptions of Shares and into such denominations, as stated therein, and further with such powers to increase the same or otherwise as stated therein. The paid-up Share Capital of the Company shall be, at any time, an amount of not less than Rs.5,00,000/- (Rupees Five Lakhs Only) or such other amount, as may, from time to time, be prescribed under the Act.
2. The Company, in general meeting may, from time to time, increase the capital by the creation of new shares. Such increase in the capital shall be of such aggregate amount and to be divided into such number of Shares of such respective amounts, as the resolution, so passed in that respect, shall prescribe. Subject to the provisions of the Act, any Shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting, resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such Shares may be issued with a preferential, restricted or qualified right to dividends, and in the distribution of assets of the Company, on winding up, and with or without a right of voting at general meetings of the Company, in conformity with and only in the manner prescribed by the provisions of the Act. Whenever capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the applicable provisions of the Act.
3. 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 contained herein with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting or otherwise.
4. Subject to the provisions of Section 55 of the Act and the rules made thereunder, the Company shall

- have the power to issue preference shares, which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.
5. On the issue of Redeemable Preference Shares under the provisions of the preceding Article, the following provisions shall take effect
    - (a) No such Shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the 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) The premium, if any, payable on redemption, must have been provided for, out of the profits of the Company or the Share Premium Account of the Company before, the Shares are redeemed; and
    - (d) Where any such Shares are redeemed otherwise than 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 "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 80 of the Act, apply as if "Capital Redemption Reserve Account" were paid up Share capital of the Company.
  6. Subject to the provision of Section 66 of the Companies Act, 2013 or any other applicable provisions, the Company may by special resolution, reduce its capital and any Capital Redemption Reserve Account or Other Premium Account, for the time being, in any manner, authorized by law, and, in particular, without prejudice to the generality of the foregoing powers, the 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.
  7. Subject to the applicable provisions of the Act, the Company, in general meeting, may, from time to time, sub-divide, reclassify or consolidate its Shares or any of them, and the resolution whereby any Share is sub-divided, may determine that, as between the holders of the Shares resulting from such sub-division, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. 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.
  8. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into any different classes of shares, all or any of the rights and privileges attached to each class may, subject to the applicable provisions of the Act, be modified, commuted, affected or abrogated, or dealt with by an agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified, in writing, by holders of at least three-fourths in nominal value of the issued Shares of the class or is confirmed by a special resolution passed at a separate general meeting of the holders of Shares of that class and all the provisions hereinafter contained as to general meetings, shall, mutatis mutandis, apply to every such meeting.

#### **SHARES AND CERTIFICATES**

9. The Company shall keep or cause to be kept a Register and Index of Members, in accordance with the applicable Sections of the Act. The Company shall be entitled to keep, in any State or Country outside India, a Branch Register of Members, in respect of those residents in that State or Country.
10. The Shares, in the capital, shall be numbered progressively according to their several classes and denominations, and, except in the manner hereinabove mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share may continue to bear the number by which the same was

originally distinguished with, or as may be otherwise, as may be decided by the Board of Directors or required by any other authority, as may be, for the time being, in force.

11. (1) Where at the time, it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of the issued or out of the increased Share capital then :

- (a) Such further Shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those Shares at that date.
- (b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than fifteen days and not exceeding thirty days from the date of the offer within which the offer if not accepted, will be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right provided that the Directors may decline, without assigning any reason to allot any Shares to any person in whose favour any member may, renounce the Shares offered to him.
- (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

(2) Notwithstanding anything contained in sub-clause (1) thereof, the further Shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof in any manner either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a Registered Valuer subject to such conditions prescribed in the rules made thereunder.

(3) Nothing in sub-clause(c) of (1) hereof shall be deemed:

- (a) To extend the time within the offer should be accepted; or
- (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the remuneration was made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debenture issued or loans raised by the Company to convert such Debenture or loans into Shares in the Company.

PROVIDED THAT the terms of issue of such Debentures or the terms of such loans loan containing such an option have been approved before the issue of such debentures or the raising of loan by a special resolution passed by the Company in general meeting.

12. Subject to the provisions of Section 62 of the Companies Act, 2013 and the rules made hereunder and these Articles of the Company for the time being shares 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 part 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 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. Provided that opinion or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. The Board shall cause to be filed the returns as to allotment as may be prescribed from time to time.

13. In addition to and without derogating from the powers for that purpose conferred on the Board under the preceding two Articles, the Company, in general meeting, may determine that any Shares, whether forming part of the original capital or of any increased capital of the Company, shall be offered to such persons, whether or not the members of the Company, in such proportion and on such terms and conditions and, subject to compliance with the provisions of applicable provisions of the Act, either at a premium or at par, as such general meeting shall determine and with full power to give any person, whether a member or not, the option to call for or be allotted Shares of any class of the Company either, subject to compliance with the applicable provision of the Act, at a premium or at par, such option being exercisable at such times and for such consideration as may be directed by such general meeting, or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.
14. Any application signed by or on behalf of an applicant for subscription 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 entered on the Register shall, for the purpose of these Articles, be a member.
15. 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 immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly, in the manner prescribed by the Board.
18. Every member or his heirs, executors or administrators, 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 Regulations of the Company, require or fix for the payment thereof.
19. (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 the Directors may from time to time determine) 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 (2) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one (1) month of the receipt of application of 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 Share holders. 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 power of attorney and the Secretary or some other person appointed by the Board for the purpose, and such two Directors or their attorneys, and the Secretary or other person shall sign the Share Certificates, provided that, if the composition of the Board permits, provided that, of it, at least one of the aforesaid two Directors shall be a person other than Managing Director or a Whole time Director. Particulars of every Share certificates 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, in respect of a Share, shall, for the purpose of this Article, be treated as a single member, and the certificate of any Share, which may be subject of joint ownership, may be delivered to the person named first in the order or otherwise even to any one 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 Rupee per such certificate. In this respect, the Company shall comply with the applicable provisions, for the time being, in force, 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 Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.
20. (a) The Directors may, if they think it, subject to the provisions of Section 50 of the Act, agree to receive from any member willing to advance the same, all or any part of the amount of his Shares beyond the sums actually called up and upon the monies so paid in advance or upon so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advances has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The member shall not be entitled to any 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 these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

- (b) When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Issued in lieu of Share Certificate No..... sub-divided/replaced/on consolidation of Shares".
- (c) 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, and 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 Rs. (Fifty) 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.

- (d) When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “DUPLICATB Issued in lieu of Share Certificate No. ....” The word “DUPLICATE” shall be stamped or punched in bold letters across the face of the Share certificate.
  - (e) Where a new Share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Share Certificates, indicating against the names of the person or persons to whom the certificate is issued, the number and date of issue of the Share certificate, in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the “Remarks” column.
  - (f) All blank forms to be issued for issue of Share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively numbered, whether by machine, hand or otherwise, and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary, where there is no Secretary, the Managing Director or Whole time Director, and where there is no such director, the Chairman of the Board, for the time being, or otherwise of such other person, as the Board may appoint for the purpose, and the Secretary, such director, Chairman or such other person shall be responsible for rendering an account of these forms to the Board.
  - (g) The Managing Director of the Company, for the time being, or, if the Company has no Managing Director, every director of the Company shall be severally responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates except the blank forms of Share certificates referred to in Clause (f) of this Article.
  - (h) All books referred in clause (g) of this Article shall be preserved in good order permanently, or for such period as may be prescribed by the Act or the Rules made thereunder.
21. If any Share stands in the names of two or more persons, the person first named, in the Register, shall, as regards receipt of dividends or bonus or service of notices and all or any matter connected with the Company, except voting at meetings and the transfer of the Shares, be deemed the sole holder thereof but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments of calls due in respect of such Share and for all incidents otherwise.
22. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any Share, or, except only as is, by these presents, 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 their sole discretion, to register any Share in the joint names of any two or more persons or the survivor or survivors of them.

#### **BUY BACK**

23. Subject to the provisions of Sections 68 to 70 of the Act 2013 and the rules thereunder, the Company may purchase its own Shares or other specified securities out of free reserves, the securities premium account or the proceeds of issue of any Share or specified securities.

24. Subject to the provisions contained in sections 68 to 70 and all applicable provisions of the Act and subject to such approvals, permissions, consents and sanctions from the concerned authorities and departments, including the Securities and Exchange Board of India and the Reserve Bank of India, if any, the Company may, by passing a special resolution at a general meeting, purchase its own Shares or other specified securities (hereinafter referred to as 'buy-back') from its existing Shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), and/or the securities issued to the employees of the Company pursuant to a scheme of stock options or sweat Equity, from out of its free reserves or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the securities so bought back shall not exceed such number as may be prescribed under the Act or Rules made from time to time.

#### **COMMISSION AND BROKERAGE**

25. Subject to the provisions of Section 40 of the Act 2013 and the rules thereof, 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 in or Debentures of the Company or procuring or agreeing to procure the subscribers, whether absolutely or conditional, for any Shares in or Debentures of the Company, but so that the commission shall not exceed, in the case of Shares, five per cent of the price at which the Shares are issued and, in the case of Debentures two and half per cent of the price at which the Debentures are issued, and such commission may be satisfied in any such manner, including the allotment of the Shares or Debentures, as the case may be, as the Board thinks and proper.
26. Subject to the provisions of the Act, the Company may pay a reasonable sum for brokerage.

#### **CALLS**

27. 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 only at a duly constituted meeting of the Board, make such call, as it thinks fit, upon the members in respect of all 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 person or persons and at the times and places appointed by the Board. A call may be made payable by installments.
28. At least 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 be paid.
29. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
30. 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 whom owing to their residence at a distance or other cause, 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.
31. A call may be revoked or postponed at the discretion of Board.
32. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
33. If any members 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, but nothing in this Article shall render it obligatory for the Board to demand or

recover any interest from any such member.

34. Any sum, which, by the terms of issue of a Share, becomes payable on allotment or at any date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and, in the case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply, as if such sum had become payable by virtue of a call duly made and notified.
35. On the trial or hearing of any action or suit brought by the Company against any member or his representative for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the member, in respect of whose Shares the money is sought to be recovered, appears or is 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 Shares in respect of which money is sought to be recovered, and that the resolution making the call is duly recorded in the minute book, and that notice, of which call, was duly given to the member or his representatives and used in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call, and not that a quorum of Directors was present at the meeting of the Board at which any call was made, and nor that the meeting, at which any call was made, has duly been convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.
36. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
37. (a) The Board may, if it thinks fit, agree to and 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 agrees upon, subject to the provisions of the Act. 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 3 (Three) months' notice, in writing, provided that moneys paid, in advance of calls, on any 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.

#### **LIEN**

38. 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 Shares 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 all 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.

39. For the purpose of enforcing such lien, the Board may sell the Shares, subject thereto, in such manner, as it shall think fit, and, for that purpose, may cause to be issued a duplicate certificate in respect of such Shares, and may authorize one of their members to execute a transfer thereof, on behalf of and in the name of such manner. 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 his representatives and the default, whether express or implied, shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements, for such further days allowed, after the service of such notice, and stated therein.
40. 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 a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the persons entitled to the Shares at the date of the sale.

### **FORFEITURE OF SHARES**

41. If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
42. The notice shall name a day, not being less than 14 (Fourteen) days from the date of the notice, and a place or places on and at which such call or installment and such interest 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 appointed, the Shares, in respect of which the call was made or installment is payable, will be liable to be forfeited.
43. 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, before payment of all calls or installments, interest and expenses, as may be due in respect thereof, be forfeited by a resolution of the Board to that effect. Subject to the provisions of the Act, such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
44. When any Share shall have been so 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. But no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid. –
45. Any Share, so forfeited, shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
46. 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 thereof, until payment, at such rate, as the Board may determine, and the Board may enforce the payment thereof, if it thinks fit.

47. The forfeiture of a Share shall involve extinction, at the time of the forfeiture, of all interests in and all claims and demands against the Company, in respect of such Share and all other rights, incidental to the Share, except only such of those rights as by these presents are expressly saved.
48. A declaration, in writing, that the declarant is a director or Secretary of the Company and that a Share in the Company has duly been 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.
49. 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, in respect of the Shares sold, and the purchaser 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, 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 exclusively against the Company and no one else.
50. 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.

#### **TRANSFER AND TRANSMISSION OF SHARES**

51. The Company shall keep the "Register of Transfers" and therein shall fairly and distinctly enter particulars of every transfer or transmission of any Share.
52. No transfer shall be registered, unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer shall be duly stamped, under the relevant provisions of the Law, for the time being, in force, and shall be signed by or on behalf of the transferor and the transferee, and in the case of a Share held by two or more holders or to be transferred to the joint names of two or more transferees by all such joint holders or by all such joint transferees, as the case may be, and the transferor or the transferors, as the case may be, shall be deemed to remain the holder or holders of such Share, until the name or names of the transferee or the transferees, as the case may be, is or are entered in the Register of Members in respect thereof. Several executors or administrators of a deceased member, proposing to transfer the Share registered in the name of such deceased member, or the nominee or nominees earlier appointed by the said deceased holder of Shares, in pursuance of the Article 73, shall also sign the instrument of transfer in respect of the Share, as if they were the joint holders of the Share.
53. Shares in the Company may be transferred by an instrument, in writing, in the form, as shall, from time to time, be approved by the Directors provided that, if so required by the provisions of the Act, such instrument of Transfer shall be in the form prescribed thereunder, and shall be duly stamped and delivered to the Company within the prescribed period. All the provisions of Section 56 of the Act 2013 shall be duly complied with in respect of all transfers of Shares and registration thereof.
54. The Board shall have power, on giving 7 (Seven) days' previous notice, by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is, for the time being, situated, to close the transfer books, the Register of Members or Register of Debenture holders, at such time or times and for such periods, not exceeding thirty days at a time and not exceeding in the



- aggregate 45 (forty-five) days in each year, as it may seem expedient.
55. Subject to the provisions of Section 58 and 59 of the Companies Act 2013, these Articles Section 22A of the Securities Contract (Regulation) Act, 1956 and any other applicable provisions of the Act or any other law for the time being in force, the Board may, refuse, whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a member in, or Debentures of the Company, the Board shall within one month from the date on which the instrument of transfer, or the intimation of such transmission as the case may be, was delivered to the Company, send to the transferee and transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal to register such transfer, giving reasons for such refusal provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the Shares. Transfer of Shares Debentures in whatever lot shall not be refused.
56. An application for the registration of a transfer of Shares in the Company may be made either by the transferor or the transferee. Where such application is made by a transferor and relates to partly paid Shares, the Company shall give notice of the application to the transferee. The transferee may, within two weeks from the date of the receipt of the notice and not later, object to the proposed transfer. The notice to the transferee shall be deemed to have been duly given, if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time when it would have been delivered in the ordinary course of post.
57. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other person.
58. Subject to the provisions of Article 72 hereunder, the executors or administrators or holders of a such Succession Certificate or the legal representative 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 member, and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives, unless such executors or administrators or legal representatives 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 cases, the Board may dispense with production of probate or letters of Administration or Succession Certificate upon such terms as to indemnify or otherwise, as the Board, in its absolute discretion, may think necessary, in the circumstances thereof, and, in pursuance of the Article 61 herein under, register the name of any person, who claims to be absolutely entitled to the Shares standing in the name of a deceased member, as a member.
59. No Share shall, in any circumstances, be transferred to any infant, insolvent or person of unsound mind, and that no Share, partly paid up, be issued, allotted or transferred to any minor, whether alone or along with other transferees or allottees, as the case may be.
60. So long as the director having unlimited liability has not discharged all liabilities, whether present or future, in respect of the period for which he is and continues to be, so long, liable, he shall not be entitled to transfer the Shares held by him or cease to be a member of the Stock Exchange to the end and intent that he shall continue to hold such minimum number of Shares as were held by him prior to his becoming a director with unlimited liability.

61. Subject to the provisions of Articles 57, 58 and 72 hereof, any person becoming entitled to Shares in consequences of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of any female member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board, which it 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 the Article or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person, nominated by him and approved by the Board, registered as such person, provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein to in these Articles as "The Transmission Article".
62. Subject to the provisions of the Act, a person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividend or money as hereinafter provided, be entitled to receive and may be given a discharge for, any dividends or other moneys payable in respect of the Share.
63. No fees shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar document.
64. The Company shall incur no liability or responsibility whatever 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 of Members, to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting of such transfer, and may have entered such notice, referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever 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 Board shall so think fit.
- 64A. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its Securities and to offer Securities in a dematerialized form pursuant to the Depositories Act, 1996.
- 64B. Every holder of or subscriber to Securities of the Company shall have the option to receive Security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed, issued to the beneficial owner the required Certificates for the Securities. If a person opts to hold its Security with a Depository, the Company shall intimate such Depository the details of allotment of the Security.
- 64C. All Securities of the Company held by the Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 89 and 186 of the Act 2013 shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.
- 64D.(i) Notwithstanding anything to the contrary contained in the Act, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (iii) Every person holding Securities of the Company and whose name is entered as the beneficial



owner in the record of the Depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a Depository.

### **CONVERSION OF SHARES INTO STOCK AND RE CONVERSION**

65. The Company, by resolution in general meeting, may convert any paid up Shares into stock, or may, at any time, reconvert any stock into paid up Shares of any denomination. When any Shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interests therein, or any part of such interest, in the same manner and, subject to the same regulations as to which Shares in the Company may be transferred or as near thereto as circumstances will admit. But the Directors may, from time to time, if they think fit, fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, but with full power nevertheless, at their discretion, to waive such rules in any particular case. The notice of such conversion of Shares into stock or reconversion of stock into Shares shall be filed with the Registrar of Companies as provided in the Act.
66. The Stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and, for other purposes, as would have been conferred by Shares of equal amount in the capital of the Company of the same class as the Shares from which such stock was converted but no such privilege or advantage, except the participation in profits of the Company, or in the assets of the Company on a winding up, shall be conferred by any such aliquot part or, consolidated stock as would not, if existing in Shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special privilege attached to the Shares so converted. Save as aforesaid, all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to Shares and the words "Share" and "Shareholder" in these presents shall include "stock" and "stock holder".
67. The Company may issue Share warrants in the manner provided by the said Act and accordingly the Directors may, in their discretion, with respect to any fully paid up Share or stock, on application, in writing, signed by the person or all persons registered as holder or holders of the Share or stock, and authenticated by such evidence, if any, as the Directors may, from time to time, require as to the identity of the person or persons signing the application, and on receiving the certificate, if any, of the Share or stock and the amount of the stamp duty on the warrant and such fee as the Directors may, from time to time, prescribe, issue, under the Seal of the Company, a warrant, duly stamped, stating that the bearer of the warrant is entitled to the Shares or stock therein specified, and may provide by coupons or otherwise for the payment of future dividends, or other moneys, on the Shares or stock included in the Warrant. On the issue of a Share warrant the names of the persons then entered in the Register of Members as the holder of the Shares or stock specified in the warrant shall be struck off the Register of Members and the following particulars shall be entered therein.
- (i) fact of the issue of the warrant.
  - (ii) a statement of the Shares or stock included in the warrant distinguishing each Share by its number, and
  - (iii) The date of the issue of the Warrant.

68. A Share warrant shall entitle the bearer to the Shares or stock included in it, and, notwithstanding anything contained in these articles, the Shares or stock shall be transferred by the delivery of the Share-warrant, and the provisions of the regulations of the Company with respect to transfer and transmission of Shares shall not apply thereto.
69. The bearer of a Share-warrant shall, on surrender of the warrant to the Company for cancellation, and on payment of such fees, as the Directors may, from time to time, prescribe, be entitled, subject to the discretion of the Directors, to have his name entered as a member in the Register of Members in respect of the Shares or stock included in the warrant.
70. The bearer of a Share-warrant shall not be considered to be a member of the Company and accordingly save as herein otherwise expressly provided, no person shall, as the bearer of Share warrant, 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 of meetings or otherwise, or qualified in respect of the Shares or stock specified in the warrant for being a director of the Company, or have or exercise any other rights of a member of the Company.
71. The Directors may, from time to time, make rules as to the terms on which, if they shall think fit, a new Share warrant or coupon may be issued by way of renewal in case of defacement, loss, or destruction.

#### **NOMINATION BY SECURITY HOLDER**

72. (1) Every holder of Securities in the Company may, at any time, nominate, in the prescribed manner, a person to whom his Securities in the Company, shall vest in the event of his death.
- (2) Where the Securities in the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the Securities in the Company shall Vest in the event of death of all joint holders.
- (3) Notwithstanding anything contained in these Articles or any other law, for the time being, in force, or in any disposition, whether testamentary or otherwise, in respect of such Securities in the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Securities in the Company, the nominee shall, on the death of the Shareholders of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the Securities of the Company or, as the case may be, all the joint holders, in relation to such securities in the Company, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (4) In the case of fully paid up Securities in the Company, where the nominee is a minor, it shall be lawful for the holder of the Securities, to make the nomination to appoint in the prescribed manner any person, being a guardian, to become entitled to Securities in the Company, in the event of his death, during the minority.
73. (1) Any person who becomes a nominee by virtue of the provisions of the preceding Article, upon the 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 Share(s); or
- (b) to make such transfer of the Share(s) as the deceased Shareholder could have made.
- (2) If the person being a nominee, so becoming entitled, elects to be registered as holder of the

Share(s), himself, 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 shareholder.

- (3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of Securities shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer has been signed by that Shareholder.
- (4) A person, being a nominee, becoming entitled to a Share by reason of the death of the holder, shall be entitled to the same dividends and other advantages which he would be entitled if he were the registered holder of the Share except that he shall not, before being registered a member in respect of his Share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share(s) 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 in respect of the Share(s) or until the requirements of the notice have been complied with.

### **GENERAL MEETING**

- 75. The Company shall, in each year, hold a general meeting as its Annual General Meeting. Any meeting, other than Annual General Meeting, shall be called Extraordinary General Meeting.

Not more than 15 (Fifteen) months or such other period, as may be prescribed, from time to time, under the Act, shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of the Act to extend time within which any Annual General Meeting may be held.

Every Annual General Meeting shall be called for a time during business hours i.e. between 9 a.m. and 6 p.m, on a day that is not a National Holiday and shall be held at the Office of the Company or at some other place within the city, in which the Office of the Company is situated, as the Board may think fit and determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

Every member of the Company shall be entitled to attend, either in person or by proxy, and by way of a postal ballot Whenever and in the manner as may permitted or prescribed under the provisions of the Act and the Auditors to the Company, who shall have a right to attend and to be heard, at any general meeting which he attends, on any part of the business, which concerns him as the Auditors to the Company, further, the Directors, for the time being, of the Company shall have a right to attend and to be heard, at any general meeting, on any part of the business, which concerns them as the Directors of the Company or generally the management of the Company.

At every Annual General Meeting of the Company, there shall be laid, on the table, the Directors' Report and Audited Statements of Account, Auditors' Report, the proxy Register with forms of proxies, as received by the Company, and the Register of Directors' Share holdings, which Register shall remain open and accessible during the continuance of the meeting, and therefore in terms of the provisions of Section 96 of the Act, the Annual General Meeting shall be held within six months after the expiry of such financial year. The Board of Directors shall prepare the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with the applicable provisions of the Act.

76. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting and it shall do so upon a requisition, in writing, by any member or members holding, in aggregate not less than one-tenth (1/10<sup>th</sup>) or such other proportion or value, as may be prescribed, from time to time, under the Act, of such of the paid-up capital as at that date carries the right of voting in regard to the matter, in respect of which the requisition has been made.
77. Any valid requisition so made by the members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office, provided that such requisition may consist of several documents, in like form, each of which has been signed by one or more requisitionists.
78. Upon receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within 21 (Twenty-one) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of the requisition, being deposited at the office, to cause a meeting to be called on a day not later than 45 (Forty-five) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid up Share capital held by all of them or not less than one-tenth of such of the paid up Share Capital of the Company as is referred to in Section 100(4) of the Act, whichever is less, may themselves call the meeting, but, in either case, any meeting so called shall be held within 3 (Three) months or such other period, as may be prescribed, from time to time, under the Act, from the date of the delivery of the requisition as aforesaid.
79. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible as that in which such meetings are to be called by the Board.
80. At least 21 (Twenty-one) days' notice, of every general meeting, Annual or Extra-ordinary, and by whomsoever called, specifying the day, date, place and hour of meeting, and the general nature of the business to be transacted there at, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company, provided that in the case of an General Meeting, with the consent of members holding not less than 95 per cent of such part of the paid up Share Capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting of the Shareholders of the Company, if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board and the Auditors thereon, (ii) the declaration of dividend, (iii) appointment of directors in place of those retiring, (iv) the appointment of, and fixing the remuneration of, the Auditors, is to be transacted, and in the case of any other meeting, in respect of any item of business, a statement setting out all material facts concerning each such item of business, including, in particular, the nature and extent of the interest, if any, therein of every director and manager, if any, where any such item of special business relates to, or affects any other company, the extent of shareholding interest in that other company or every director and manager, if any, of the Company shall also be set out in the statement if the extent of such Share-holding interest is not less than such percent, as may be prescribed, from time to time, under the Act, of the paid-up Share Capital of that other Company.
- Where any item of business consists of the according of approval of the members to any document at the meeting, the time and place, where such document can be inspected, shall be specified in the statement aforesaid.
81. The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof shall not invalidate any resolution passed at any such meeting.
82. No general meeting, whether annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was

convened.

83. Subject to the provisions of the Act and these Articles, five(5) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is not more than One Thousand; Fifteen (15) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is more than One Thousand but not more than Five Thousand; Thirty (30) shareholders shall constitute quorum in Shareholders' Meetings of the Company if number of shareholders as on date of meeting exceeds five thousand.
84. A body corporate, being a member, shall be deemed to be personally present, if it is represented in accordance with and in the manner as may be prescribed by, the applicable provisions of the Act.
85. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, then the meeting, if convened by or upon the requisition of members, shall stand dissolved, but in any other case, it shall stand adjourned to such time on the following day or such other day and to such place, as the Board may determine, and, if no such time and place be determined, to the same day in the next week, at the same time and place in the city or town in which the office of the Company is, for the time being, situate, as the Board may determine, and, if at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called. .
86. The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, whether annual or Extra-ordinary. If there be no such Chairman, or, if, at any meeting, he shall not be present within 15 (Fifteen) minutes of the time appointed for holding such meeting, then the members present shall elect another director as the Chairman of that meeting, and, if no director be present, or if all the Directors present decline to take the Chair, then the members present shall elect one among them to be the Chairman.
87. No business shall be discussed at any general meeting, except the election of a Chairman, whilst the Chair is vacant.
88. The Chairman, with the consent of the meeting, may adjourn any meeting, from time to time, and from place to place, in the city or town, in which the office of the Company is, for the time being, situate, but no business shall be transacted at any adjourned meeting, other than the business left unfinished, at the meeting, from which the adjournment took place.
89. At any general meeting, a resolution put to the vote of the meeting shall be decided through electronic voting/ show of hands, unless a poll is demanded, before or on the declaration of the result of the electronic voting/ show of hands, by any member or members present in person or by proxy and holding Shares in the Company, which confer a power to vote on the resolution not being less than one-tenth or such other proportion as may statutory be prescribed, from time to time, under the Act, of the total voting power, in respect of the resolution or on which an aggregate sum of not less than Rs. 500,000/- or such other sum as may statutorily be prescribed, from time to time, under the Act, has been paid up, and unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority, or has been lost and an entry to that effect in the minutes book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution. In case of electronic voting, a Member shall be deemed to have exercised his voting rights by himself, even if any other person had voted using the login credentials of that Member
90. In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll, if any, have a casting vote in addition to the vote of votes, if any, to which he may be entitled as a member, if he is.

91. If a poll is demanded as aforesaid, the same shall, subject to Article 93 herein under, be taken at Registered Office of the Company or, if not desired, then at such other place as may be decided by the Board, at such time not later than 48 (Forty-eight) hours from the time when the demand was made and place in the city or town in which the office of the Company is, for the time being, situate, and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons, who made the demand.
92. Where a poll is to be taken, the Chairman of the meeting shall appoint one or, at his discretion, two scrutineers, who may or may not be members of the Company to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power, at any time, before the result of the poll is declared, to remove a scrutineer from office and fill the vacancy so caused in the office of a scrutineer arising from such removal or from any other cause.
93. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment of the meeting shall be taken forthwith at the same meeting.
94. The demand for a poll, except on questions of the election of the Chairman and of an adjournment thereof, 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.

#### **VOTING RIGHTS OF MEMBERS**

95. 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 or upon a poll 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, or has exercised, any right of lien.
96. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions so 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, speak and 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 be present at any meeting of the Company, subject to the provision of section 47, he shall have a right to vote only on resolutions, placed before the meeting, which directly affect the rights attached to his Preference Shares.
97. 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.
98. A member of unsound mind or in respect of whom an order has been made by a court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian; and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote, in respect of his Share or Shares, be used by his guardian, or any one of his guardians, if more than one, to be selected, in the case of dispute, by the Chairman of the meeting.
99. If there be joint registered holders of any Shares, any one of such persons may vote at any meeting or may appoint another person, whether a member or not, as his proxy, in respect of such Shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting, then one of the said



persons so present, whose name stands higher on the Register, shall alone be entitled to speak and to vote in respect of such Shares, but the other of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name Shares stand shall, for the purpose of these Articles, be deemed joint holders thereof.

100. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate, being a member, may vote either by a proxy or by a representative, duly authorized, in accordance with the applicable provisions, if any, of the Act, and such representative shall be entitled to exercise the same rights and powers, including the right to vote by proxy, on behalf of the body corporate, which he represents, as that body corporate could exercise, if it were an individual member.
101. Any person entitled, under the Article 61 hereinabove, 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 forty-eight hours at least 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 indemnity, if any, as the Directors may require or the Directors shall have provisionally admitted his right to vote at such meeting in respect thereof.
102. Every proxy, whether a member or not, shall be appointed, in writing, under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporate, or be signed by an officer or officers or any attorney duly authorized by it or them, and, for a member of unsound mind or in respect of whom an order has been made by a court having jurisdiction in lunacy, any committee or guardian may appoint such proxy. The proxy so appointed shall not have a right to speak on any matter at the meeting.
103. An instrument of Proxy may state the appointment of a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
104. A member, present by proxy, shall be entitled to vote only on a poll.
105. The instrument appointing a proxy and a Power of Attorney or other authority, if any, under which it is signed or a materially certified copy of that power of authority, shall be deposited at the Office not later than 48 (Forty-eight) hours before the time for holding the meeting at which the person named in the Instrument proposes to vote, and, in default, the Instrument of Proxy shall not be treated as valid. No instrument appointing a proxy shall be a valid after the expiration of 12 (Twelve) months or such other period as may be prescribed under the Laws, for the time being, in force, or if there shall be no law, then as may be decided by the Directors, from the date of its execution.
106. Every Instrument of proxy, whether for a specified meeting or otherwise, shall, as nearly as circumstances thereto will admit, be in any of the forms as may be prescribed from time to time.
107. A vote, given in accordance with the terms of an Instrument of Proxy, shall be valid notwithstanding the previous death of insanity of the principal, or revocation of the proxy or of any power of Attorney under which such proxy was 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.
108. No objections shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, or not disallowed at such meeting or on a poll, shall be deemed as valid for all purposes of such meeting or a poll whatsoever,

109. The Chairman, present at the time of taking of a poll, shall be the sole judge of the validity of every vote tendered at such poll.
110. (a) The Company shall cause minutes of all proceeding of every general meeting to be kept by making, within 30 (Thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept, whether manually in the registers or by way of loose leaves bound together, as may be decided by the Board of Directors, for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a director duly authorized by the Board for that purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings there at.
- (e) All appointments made at any meeting aforesaid shall be included in the minutes of the meeting.
- (f) Nothing herein contained shall require or to be deemed to require the inclusion, in any such minutes, of any matter, which, in the opinion of the Chairman of the meeting, (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.
- (g) Any such minutes shall be conclusive evidence of the proceedings recorded therein.
- (h) The book containing the minutes of proceedings of general meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than 2 (Two) hours, in each day, as the Directors determine, to the inspection of any member without charge.

## **DIRECTORS**

111. Until otherwise determined by a general meeting of the Company and subject to the applicable provisions of the Act, the number of Directors shall not be less than three nor more than fifteen.

The First Directors of the Company are:

1. Mr. Adesh Seth
  2. Mrs. Sudershan Kumari Mehra
  3. Mrs. Renu Mehra
  4. Mrs. Renu Seth
112. (a) Whenever, Directors enter into a contract with any Government, whether central, state or local, bank or financial institution or any person or persons (hereinafter referred to as “the appointer”) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever or in case of Promoters of the Company (hereinafter referred as “Promoters”), the Directors shall have, subject to the provisions of Section 152 and other applicable provisions, if any, of the Act, the power to agree that such appointer or Promoters shall have the right to appoint or nominate by a notice, in writing, addressed to the Company, one or more Directors on the Board (hereinafter referred to as “Special Director”) for such period and upon such terms and conditions, as may be mentioned in the agreement if any, and that such Director or Directors may or may not be liable to retire by



rotation, nor be required to hold any qualification Shares. The Directors may also agree that any such Director or Directors may be removed, from time to time, by the appointer or Promoter, entitled to appoint or nominate them and the appointer or Promoter may appoint another or others in his or their place and also fill in vacancy, which may occur as a result of any such director or directors ceasing to hold that office for any reasons whatsoever. The directors appointed or nominated under this Article, shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the directors of the Company including payment of remuneration, sitting fees and travelling expenses to such director or directors, as may be agreed by the Company with the appointer.

- (b) The Special Directors, appointed under the preceding Article, shall be entitled to hold Office until required by the Government, person, firm, body corporate promoters or financial institution/s who may have appointed them, and will not be bound to retire by rotation or be subject to the Articles hereof. A Special Director shall not require to hold any qualification Share(s) in the Company. As and when a Special Director vacates Office, whether upon request as aforesaid or by death, resignation or otherwise, the Government, person, firm or body corporate promoters or financial institution, who appointed such Special Director, may appoint another director in his place. Every nomination, appointment or removal of a Special Director or other notification, under this Article, shall be in writing and shall, in the case of the Government, be under the hand of a Secretary or some other responsible and authorized official to such Government, and in the case of a company or financial institution, under the hand of director of such company or institution duly authorized in that behalf by a resolution of the Board of Directors. Subject as aforesaid, a Special Director shall be entitled to the same rights and privileges and be subject to the same of obligations as any other director of the Company.
- 113. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any person or persons shall have power to nominate a director of the Company, then in the case of any and every such issue of Debentures, the person or persons having such power may exercise such power, from time to time, and appoint a director accordingly. Any director so appointed is hereinafter referred to as “the Debenture Director”. A Debenture Director may be removed from Office, at any time, by the person or persons in whom, for the time being, is vested the power, under which he was appointed, and another director may be appointed in his place, A Debenture Director shall not be required to hold any qualification Share(s) in the Company.
- 114. Subject to the provisions of section 161(2) of the Act, 2013, 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 3 (Three) months or such other period as may be, from time to time, prescribed under the Act, from the India, in which the meetings of Board are ordinarily held. An alternate director appointed, under this Article, shall not hold Office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate Office, if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic re-appointment of a retiring director, in default of another appointment, shall apply to the original director and not to the alternate director.
- 115. Subject to the provisions of section 161(1) of the Act, 2013, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not, at any time, exceed the maximum fixed under these Articles. Any such Additional Director shall hold only upto the date of the next Annual General Meeting.

116. Subject to the provisions of section 152 and 162 of the Act, 2013, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a director to fill a casual vacancy. Any person so appointed shall hold Office only upto the date, upto which the director in whose place he is appointed would have held Office if it had not been vacated by him.
117. A director shall not be required to hold any qualification Share(s) in the Company.
118. (i) Subject to the provisions of section 196, 197 and read with schedule V of the Companies Act, 2013, a Managing Director or Director who is in the Whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, or in any other manner, as may be, from time to time, permitted under the Act or as may be thought and proper by the Board or, if prescribed under the Act, by the Company in general meeting.
- (ii) Subject generally to the provisions of the Act, and, in the case of the Managing Director, subject to the provisions of the Articles herein below, as may be applicable, the Board shall have power to pay such remuneration to a director for his services, Whole-time or otherwise, rendered to the Company or for services of professional or other nature rendered by him, as may be determined by the Board. If any director, being willing, shall be called upon to perform extra services or make any special exception in going to or residing at a place other than the place where the director usually resides, or otherwise in or for the Company's business or for any of the purpose of the Company, then, subject to the provisions of the Act, the Board shall have power to pay to such director such remuneration, as may be determined by the Board.
- (iii) Subject to the provisions of the Act, a director, who is neither in the Whole-time employment nor a Managing Director, may be paid remuneration either;
- (a) by Way of monthly, quarterly or annual payment with the approval of the Central Government; or
- (b) by way of commission, if the Company, by a special resolution, authorizes such payment.
- (iv) The fee payable to a director, excluding a Managing or Whole time Director, if any, for attending a meeting of the Board or Committee thereof shall be such sum, as the Board may, from time to time, determine, but Within and subject to the limit prescribed by the Central Government pursuant to the provisions, for the time being, under the Act.
119. The Board may allow and pay to any director such sum, as the Board may consider fair compensation, for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any director be called upon to go or reside out of the ordinary place of his residence for the Company's business, he shall be entitled to be repaid and reimbursed of any travelling or other expenses incurred in connection with business of the Company. The Board may also permit the use of the Company's car or other vehicle, telephone(s) or any such other facility, by the director, only for the business of the Company.
120. The continuing Directors may act, notwithstanding, any vacancy in their body but if, and so long as their number is not reduced below the minimum number fixed by Article no. 111 hereof the continuing Directors, not being less than two, may only act, for the purpose of increasing the number of Directors to that prescribed minimum number or of summoning a general meeting but for no other purpose.
121. The office of director shall be vacated, pursuant to the provisions of section 164 and section 167 of the Companies Act, 2013. Further, the Director may resign his by giving notice to the Company pursuant to section 168 of the Companies Act, 2013
122. The Company shall keep a Register, in accordance with Section 189(1) of the Act, and within the time

as may be prescribed, enter therein such of the particulars, as may be relevant having regard to the application thereto of Section 184 or Section 188 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each director of the Company, names of the bodies corporate and firms of which notice has been given by him, under the preceding two Articles. The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and the extracts may be taken there from and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 189(3) of the Act shall apply accordingly.

123. A director may be or become a director of any other Company promoted by the Company or in which it may be interested as a vendor, Shareholder or otherwise, and no such director shall be accountable for any benefits received as director or Shareholder of such Company except in so far as the provisions of the Act may be applicable.
124. (a) At every Annual General Meeting of the Company, one-third of such of the Directors, for the time being, as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from Office. The Independent, Nominee, Special and Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of directors to retire, subject to Section 152 and other applicable provisions, if any, of the Act.
- (b) Subject to Section 152 of the Act, the directors, liable to retire by rotation, at every annual general meeting, shall be those, who have been longest in Office since their last appointment, but as between the persons, who became Directors on the same day, and those who are liable to retire by rotation, shall, in default of and subject to any agreement among themselves, be determined by lot.
125. A retiring director shall be eligible for re-election and shall act as a director throughout the meeting at which he retires.
126. Subject to Section 152 of the Act, the Company, at the general meeting at which a director retires in manner aforesaid, may fill up the vacated Office by electing a person thereto.
127. (a) If the place of retiring director is not so filled up and further the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day, which is not a public holiday, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meetings, unless-
- (i) at that meeting or at the previous meeting, resolution for the re-appointment of such director has been put to the meeting and lost;
- (ii) the retiring director has, by a notice, in writing, addressed to the Company or its Board, expressed his unwillingness to be so re-appointed;
- (iii) he is not qualified, or is disqualified, for appointment.
- (iv) a resolution, whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act; or
- (v) Section 162 of the Act is applicable to the case.
128. Subject to the provisions of Section 149 of the Act, the Company may, by special resolution, from time

to time, increase or reduce the number of directors, and may alter their qualifications and the Company may, subject to the provisions of Section 169 of the Act, remove any director before the expiration of his period of Office and appoint another qualified person in his stead. The person so appointed shall hold during such time as the director, in whose place he is appointed, would have held, had he not been removed.

129. (a) No person, not being a retiring director, shall be eligible for appointment to the office of director at any general meeting unless he or some member, intending to propose him, has, not less than 14 (Fourteen) days or such other period, as may be prescribed, from time to time, under the Act, before the meeting, left at the Office of the Company, a notice, in writing, under his hand, signifying his candidature for the office of director or an intention of such member to propose him as a candidate for that office, along with a deposit of Rupees One lakh or such other amount as may be prescribed, from time to time, under the Act, which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll or electronic voting on such resolution.
- (b) Every person, other than a director retiring by rotation or otherwise or a person who has left at the Office of the Company a notice under Section 160 of the Act signifying his candidature for the Office of a director, proposed as a candidate for the Office of a director shall sign and with the Company, the consent, in writing, to act as a director, if appointed.
- (c) A person, other than a director re-appointed after retirement by rotation immediately on the expiry of his term of Office, or an Additional or Alternate Director, or a person filling a casual vacancy in the Office of a director under Section 161 of the Act, appointed as a director or reappointed as a director immediately on the expiry of his term of Office, shall not act as a director of the Company, unless he has, within thirty days of his appointment, signed and filed with the Registrar his consent, in writing, to act as such director.
130. The Company shall keep at its Office a Register containing the particulars of its directors and key managerial personnel and their shareholding as mentioned in Section 170 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.
131. Every director and Key Managerial Personnel within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars specified in sub-section (1) of section 184 relating to his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association which are required to be included in the register under that section 189 of the Companies Act, 2013.

### **MANAGING DIRECTOR**

- 132 . (1) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint, from time to time, any of its member as a Managing Director or Managing Directors of the Company for a term, not exceeding 5 (Five) years at a time, and upon such terms and conditions as the Board thinks fit, and subject to the provisions of the succeeding Article hereof, the Board may, by resolution, vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally, as it thinks and such powers may be made exercisable for such period or periods; and upon such conditions and subject to such restrictions, as it may determine. The remuneration of a Managing Director may be by way of salary and/or allowances, commission or participation in profits or perquisites of any kind, nature or description, or by any or all of these modes, or by any other mode(s) not expressly prohibited by the Act or the Rules made thereunder, or any notification or circular issued under the Act.

- (2) The Board shall have power to appoint an individual as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time.
133. Subject to the superintendence, directions and control of the Board, the Managing Director or Managing Directors shall exercise the powers, except to the extent mentioned in the matters, in respect of which resolutions are required to be passed only at the meeting of the Board, under Section 179 of the Act and the rules made thereunder
134. Subject also to the other applicable provisions, if any, of the Act, the Company shall not appoint or employ, or continue the appointment or employment of, a person as its Managing or Whole-time Director who
- (a) is below the age of twenty-one years or has attained the age of seventy years
  - (b) is an un discharged insolvent, or has any time been adjudged an insolvent;
  - (c) suspends, or has at any time suspended, payment to his creditors, or makes or has, at any time, made, a composition with them; or
  - (d) is or has, at anytime, been convicted by a Court and sentenced for a period of more than six months.

#### **PROCEEDINGS OF THE BOARD OF DIRECTORS**

135. Unless decided by the Board to the contrary, depending upon the circumstances of the case, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, in accordance with the Article 124 hereof. If he ceases to hold the office of director, he shall ipso-facto and forthwith ceases to hold the office of Managing Director.
136. The Directors may meet together as a Board for the dispatch of business, from time to time, and shall so meet at least once in every 3 (Three) months and at least 4 (Four) such meetings shall be held in every year in such a manner that not more than one hundred and twenty days (120) days shall intervene between two consecutive meetings of the Board. The Directors may adjourn and otherwise regulate their meetings as they think fit, subject to the provisions of the Act. The Board of directors may participates in a meeting of the Board either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognizing the participation of the directors and of recording and storing the proceedings of such meetings along with date and time subject to the rules as may be prescribed.
137. Not less than seven (7) days Notice of every meeting of the Board may be given, in writing, in Writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means,
- Subject to the provisions of section 173(3) meeting may be called at shorter notice.
138. Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength, excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one, or two directors, whichever is higher, provided that where, at any time, the number of interested directors exceeds or is equal to two-thirds of the total strength the number of the remaining directors, that is to say, the number of directors who are not interested, present at the meeting, being not less than two, shall be the quorum, during such time.
139. If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned for 30 minutes in the same day and at same place.

140. A director may, at any time, or Secretary shall, as and when directed by the any of the Directors to do so, convene a meeting of the Board, by giving a notice, in writing, to every other director.
141. The Board may, from time to time, elect one of their members to be the Chairman of the Board and determine the period for which he is to hold the office. If at any meeting of the Board, the Chairman is not present at a time appointed for holding the same, the directors present shall choose one of them, being present, to be the Chairman of such meeting.
142. Subject to the restrictive provisions of any agreement or understanding as entered into by the Company with any other person(s) such as the collaborators, financial institutions, etc., the questions arising at any meeting of the Board shall be decided by a majority of the votes of the directors present there at and, also subject to the foregoing, in the case of an equality of votes, the Chairman shall have a second or casting vote.
143. A meeting of the Board, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions, which, by or under the Act or the Articles of the Company, are, for the time being, vested in or exercisable by the Board generally.
144. Subject to the restrictions contained in Section 179 of the Act 2013 and the rules made thereunder, the Board may delegate any of their powers to the committee of the Board, consisting of such number of its body, as it thinks fit, and it may, from time to time, revoke and discharge any Such committee of the Board, either wholly or in part and either as to persons or purposes, but every committee of the Board, so formed, shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such committee of the Board, in conformity with such regulations, and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if were done by the Board.
145. The meetings and proceedings of any meeting of such Committee of the Board, consisting of two or more members, shall be governed by the provisions contained herein for regulating the meetings and proceedings of the meetings 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.
146. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors or to all the members of the Committee, then in India, not being less in number than the quorum for a meeting of the Board or Committee, as the case may be, and to all the directors or to all the members of the Committee, at their usual addresses in India and has been approved, in writing, by such of the directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote On the resolution.
147. 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 or was, as the case may be, disqualified or had vacated office or that the appointment of any of them was 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 duly been appointed and was qualified to be a director and had not vacated his office or his appointed had not been terminated, provided that nothing in this Article shall be deemed to give validity to any act or acts done by a director or directors alter his or their appointment(s) has or have been shown to the Company to be invalid or to have terminated.
148. (a) The Company shall cause minutes of all proceedings of every meeting of the Board and the



Committee thereof to be kept by making, within 30 (Thirty) days of the conclusion of each such meeting, entries thereof in books kept, whether manually in the registers or by way of loose leaves bound together, as may be decided by the Board of Directors, for that purpose with their pages consecutively numbered.

- (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the Said meeting or the Chairman of the next succeeding meeting.
- (c) In no case, the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointment made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) The minutes shall also contain
  - (i) the names of the Directors present at the meeting; and
  - (ii) in the case of each resolution passed at the meeting, the names of the directors, if any dissenting from or not concurring in the resolution.
- (g) Nothing contained in sub-clauses (a) to (f) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting
  - (i) is, or could reasonably be regarded as, defamatory of any person;
  - (ii) is irrelevant or immaterial to the proceedings; or
  - (iii) is detrimental to the interests of the Company;and that the Chairman shall exercise an absolute discretion with regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.
- (h) Minutes of the meetings kept in accordance with the aforesaid provisions shall be an evidence of the proceedings recorded therein.

149. Without prejudice to the general powers as well as those under the Act, and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles or otherwise, it is hereby declared that the Directors shall have, inter alia, the following powers, that is to say, power -

- (a) to pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (b) to pay and charge, to the account of the Company, any commission or interest lawfully payable thereon under the provision of the Act;
- (c) subject to the provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and being in the interests of the Company, and in any such purchase or other acquisition to accept such title or to obtain such right as the directors may believe or may be advised to be reasonably satisfactory;
- (d) at their discretion and subject to the provisions of the Act, to pay for any property, right or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in Shares, Bonds, Debentures, mortgages, or other securities of the Company, and any such Shares may be issued either as fully paid up, with such amount credited as paid up thereon, as may be

agreed upon, and any such bonds, Debentures, mortgages or other securities may either be specifically charged upon all or any part of the properties of the Company and its uncalled capital or not so charged;

- (e) to secure the fulfillment of any contracts or engagement entered into by the Company or, in the interests or for the purposes of this Company, by, with or against any other Company, or person, by mortgage or charge of all or any of the properties of the Company and its uncalled capital, for the time being, or in such manner and to such extent as they may think fit;
- (f) to accept from any member, as far as may be permissible by law, a surrender of his Shares or any part thereof, whether under buy-back or otherwise, on such terms and conditions as shall be agreed mutually, and as may be permitted, from time to time, under the Act or any other Law or the Regulations, for the time being, in force,
- (g) to appoint any person to accept and hold in trust, for the Company, any property belonging to the Company, in which it is interested, or for any other purposes, and execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (h) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts, due and of any differences to arbitration and observe and perform any awards made thereon;
- (i) to act on behalf of the Company in all matters relating to bankruptcy and insolvents;
- (j) to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (k) subject to the applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security, not being 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 49 of the Act, all investments shall be made and held in the Company's own name;
- (l) 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 surety, for the benefit or purposes of the Company, such mortgages of the Company's property, present and future, as they may think and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (m) to determine from time to time, who shall be entitled to sign, on behalf of the Company, bills, invoices, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and or any other document or documents and to give the necessary authority for such purpose, and further to operate the banking or any other kinds of accounts, maintained in the name of and for the business of the Company;
- (n) to distribute, by way of bonus, incentive or otherwise, amongst the employees of the Company, a Share or Shares in the profits of the Company, and to give to any staff, officer or others employed by the Company a commission on the profits of any particular business or transaction, and to charge any such bonus, incentive or commission paid by the Company as a part of the operational expenditure of the Company;
- (o) to provide for the Welfare of directors or ex-directors, Shareholders, for the time being, 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 or dwellings, or grants of moneys, whether as a gift or otherwise, pension, gratuities, allowances, bonus, loyalty bonuses or other payments, also whether by way of monetary payments or otherwise, or by creating and from time to time, subscribing or contributing to provident and other association, institutions, funds or trusts and by providing or subscribing or contributing towards places of worship, instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects, which shall have any moral or other claim to support or aid by the Company, either by reason of locality or place of operations, or of public and general utility or otherwise;

- (p) before recommending any dividend, to set aside out of the profits of the Company such sums, as the Board may think proper, for depreciation or to a Depreciation Fund, or to an Insurance Fund, a Reserve Fund, Capital Redemption Fund, Dividend Equalisation Fund, Sinking Fund or any Special Fund to meet contingencies or to repay debentures or debenture-stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes, including the purposes referred to in the preceding clause, as the Board may, in their absolute discretion, think conducive to the interests of the Company and, Subject to the provisions of the Act, to invest the several sums so set aside or so much thereof, as required to be invested, upon such investments, other than shares of the Company, as they may think fit, and from time to time, to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes, as the Board, in their absolute discretion, think conducive to the interests of the Company, notwithstanding, that the matter, to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds, as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or divisions of a Reserve Fund and with full powers to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase of or repayment of debentures or debenture stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however 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, subject to the provisions of the applicable laws, for the time being, in force.
- (q) to appoint and at their discretion, remove or suspend such general managers, secretaries, assistants, supervisors, clerks, agents and servants or other employees, in or 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, emoluments or remuneration of such amount, as they may think fit.
- (r) to comply with the requirements of any local laws, Rules or Regulations, which, in their opinion, it shall, in the interests of the Company, be necessary or expedient to comply with.
- (s) 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 powers to make calls and excluding also except in their limits authorized 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 any such appointment may, if the Board thinks fit, be made in favour of the members or in favour of any Company, or the Share-holders, directors, nominees, or managers 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 Power of Attorney may contain such powers for the protection of convenience of person dealing with such Attorneys, as the Board may think fit, and may contain powers enabling any such delegates all or any of the powers, authorities and discretions, for the time being, vested in them;

- (t) Subject to the provisions of the Act, for or in relation to any of the matters, aforesaid or otherwise, for the purposes of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do 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;
- (u) from time to time, make, vary and repeal bylaws for the regulation of the business of the Company, its Officers and Servants.

#### **MANAGEMENT**

- 150. The Company shall not appoint or employ at the same time, more than one of the following categories of managerial personnel, namely
  - (a) Managing Director, and
  - (b) Manager

#### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

- 151. Subject to the provisions of the Act;
  - (i) A chief executive officer, manager, company secretary, 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, 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, chief financial officer.
- 152. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary, 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, chief financial officer.

#### **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

- 153. Copies of the Memorandum and Articles of Association of the Company and other documents, referred to in Section 17 of the Act, shall be sent by the Company to every member, at his request, within 7 (Seven) days of the request, on payment, if required by the Board, of the sum of (Rupee One Only) or such other higher sum, as may be prescribed, from time to time, under the Act and further decided, from time to time, by the Board, for each such copy.

#### **SEAL**

- 154. (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 that the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. The Common Seal of the Company shall be kept at its office or at such other place, in India, as the Board thinks

- (b) The Common Seal of the Company shall be used by or under the authority of the Directors or by a Committee of the Board of Directors authorized by it in that behalf in the presence of at least one director or Secretary or any other responsible officer of the Company as may be expressly authorized by the Board by way of a resolution passed at their duly constituted meeting, who shall sign every instrument to which the seal is affixed. Such instruments may also be counter signed by other officer or officers, if any, appointed for the purpose.

However, the certificates, relating to Shares or Debentures in or of the Company, shall be signed in such manner as may be prescribed in the Act or any Rules thereunder'.

### **DIVIDEND**

155. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles, and further subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up to the Shares held by them respectively.
156. The Company, in general meeting, may declare that dividends be paid to the members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company may, in general meeting, declare a smaller dividend than was recommended by the Board.
157. Subject to the applicable provisions of the Act, no dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that
- (a) if the Company has not provided for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
- (b) if the Company has incurred any loss in any previous financial year or years the amount of loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid as against the profits of the Company for any financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of schedule II of the Act
158. The Board may, from time to time, pay to the members such interim dividend, as in their judgement, the position of the Company justifies.
159. Where capital is paid in advance of calls, such capital may carry interest as may be decided, from time to time, by the Board, but shall not, in respect thereof, confer a right to dividend or to participate in profits.
160. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during which any portion or portions of the period in respect of which the dividend is paid up; but if any Share is issued on the terms providing that it shall rank for dividend as from a particular date or

on such preferred rights, such Share shall rank for dividend accordingly.

161. The Board may retain the dividends payable upon Shares in respect of which any person is, under the Article 61 hereinabove, entitled to become a member, or which any person under that article is entitled to transfer until such person shall become a member in respect of such Shares, or shall duly transfer the same and until such transfer of Shares has been registered by the Company, notwithstanding anything contained in any other provision of the Act or these Articles, the provisions of Section 206A of the Act or the corresponding section of Act, 2013 as and when notified shall apply.
162. 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 or bonus or other moneys payable in respect of such Shares.
163. No member shall be entitled to receive payment of any interest or dividend 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 howsoever, either alone or jointly with any other person or persons, and the Board may deduct, from the interest or dividend payable to any member, all sums of money so due from him to the Company.
164. Subject to the applicable provisions, if any, of the Act, a transfer of Shares shall not pass the right to any dividend declared thereon and made effective from the date prior to the registration of the transfer.
165. Unless otherwise directed, any dividend may be paid up by cheque or warrant or by a pay-slip sent through the post to the registered address of the member or person entitled, or, in the case of joint holders, to that one of them first named in the Register in respect of the joint holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip lost in transmission or for any dividend lost to the member or person entitled thereto due to or by the forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.
166. (a) If the Company has declared a dividend but which has not been paid or claimed within 30 (Thirty) days from the date of declaration the Company shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 (Thirty) days a special account to be opened by the Company in that behalf in any scheduled Bank called "the Unpaid Dividend Account Limited". The Company shall within a period of ninety days of making any transfer of an amount to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the Company and also on any other website approved by the Central Government, for this purpose. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.  
  
(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (Seven) years, from the date of such transfer shall be transferred by the Company to the Fund know as the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013 as and when notified shall apply.  
  
(c) As per the provision of the Companies Act, 2013 and Investor Education and protection fund Authority (Accounting, Audit, Transfer and the Refund) Rules 2016, all the shares in respect of which dividend remains to be unclaimed for seven or more consecutive years shall be liable for transfer to the Investor Education and Protection Fund Authority Account maintained by the Central Govt.

167. Subject to the provisions of the Act, no unpaid dividend shall bear interest as against the Company.
168. Any general meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting decides, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

### **CAPITALISATION**

169. (a) The Company, in general meeting, may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend, or representing premium received on the issue of Shares and standing to the credit of the Share Premium Account, be capitalized and distributed amongst such of the Shareholders as would be entitled to receive the same, if distributed by way of dividend, and in the same proportion on the footing that they become entitled thereto as capital, and that all or any part of such capitalized fund be applied, on behalf of such Shareholders, in paying up in full either at par or at such premium, as the resolution may provide, any unissued Shares or Debentures or Debenture stock of the Company which shall be distributed accordingly on in or towards payment of the uncalled liability on any issued Shares or Debentures, stock and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalized sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied for the paying of any unissued Shares to be issued to members of the Company as, fully paid up, bonus Shares.
- (b) A general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company, not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.
- (c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty, which may arise, in regard to the distribution, as it thinks expedient, and, in particular, may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of value less than (Rupees Ten Only) may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalized funds, as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act and the Board may appoint any person to sign such contract, on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

### **ACCOUNTS**

170. The Company shall keep at the or at such other place in India, as the Board thinks and proper, books of account, in accordance with the provisions of the Act with respect to
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
- (b) all sales and purchases of goods by the Company;
- (c) the assets and liabilities of the Company;

- (d) such particulars, if applicable to this Company, relating to utilization of material and/or labour or to other items of cost, as may be prescribed by the Central Government.

Where the Board decides to keep all or any of the books of account at any place, other than the Office of the Company, the Company shall, within 7 (Seven) days, or such other period, as may be fixed, from time to time, by the Act, of the decision, file with the Registrar, a notice, in writing, giving the full address of that other place.

The Company shall preserve, in good order, the books of account, relating to the period of not less than 8 (Eight) years or such other period, as may be prescribed, from time to time, under the Act, preceding the current year, together with the vouchers relevant to any entry in such books.

Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article, if proper books of account, relating to the transaction effected at the branch office, are kept at the branch office, and the proper summarized returns, made up to day at intervals of not more than 3 (Three) months or such other period, as may be prescribed, from time to time, by the Act, are sent by the branch office to the Company at its Office or other place in India, at which the books of account of the Company are kept as aforesaid.

The books of account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain the transactions represented by it. The books of account and other books and papers shall be open to inspection by any director, during business hours, on a working day, after a prior notice, in writing, is given to the Accounts or Finance department of the Company.

171. 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 the directors, and no member, not being a director, shall have any right of inspecting any account or books or document of the Company, except as conferred by law or authorised by the Board.
172. The Directors shall, from time to time, in accordance with sections 129 and 134 of the Act, cause to be prepared and to be laid before the Company in Annual General Meeting of the Shareholders of the Company, such Balance Sheets, Profit and Loss Accounts, if any, and the Reports as are required by those Sections of the Act.
173. A copy of every such Profit & Loss Accounts and Balance Sheets, including the Directors' Report, the Auditors' Report and every other document(s) required by law to be annexed or attached to the Balance Sheet, shall at least 21 (Twenty-one) days, before the meeting, at which the same are to be laid before the members, be sent to the members of the Company, to every trustee for the holders of any Debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such member or trustees being persons so entitled.
174. The Auditors, whether statutory, branch or internal, shall be appointed and their rights and duties shall be regulated in accordance with the provisions of the Act and the Rules made thereunder.

## **DOCUMENTS AND NOTICES**

175. (a) A document or notice may be served or given by the Company on any member either personally or by sending it, by post or by such other means such as fax, e-mail, if permitted under the Act, to him at his registered address or, if he has no registered address in India, to the address, if any, in

India, supplied by him to the Company for serving documents or notices on him.

- (b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, pre-paying, Wherever required, and posting a letter containing the document or notice, provided that where a member has intimated to the Company, in advance, that documents or notices should be sent to him under a certificate of posting or by registered post, with or without the acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner and, such service shall be deemed to have been effected, in the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post.
176. A document or notice, whether in brief or otherwise, advertised, if thought fit by the Board, in a newspaper circulating in the neighborhood of the Office shall be deemed to be duly served or sent on the day, on which the advertisement appears, on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.
177. A document or notice may be served or given by the Company on or to the joint holders of a Share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the Share.
178. A document or notice may be served or given by the Company on or to the person entitled to a Share, including the person nominated in the manner prescribed hereinabove, in consequence of the death or insolvency of a member by sending it through the post as a prepaid letter addressed to them by name or by the title or representatives of the deceased, or assigned of the insolvent or by any like description, at the address, if any, in India, supplied for the purpose by the persons claiming to be entitled, or, until such an address has been so supplied, by serving the document or notice, in any manner in which the same might have been given, if the death or insolvency had not occurred.
179. Documents or notices of every general meeting shall be served or given in some manner hereinafter authorized on or to (a) every member, (b) every person entitled to a Share in consequence of the death or insolvency of member, (c) the Auditor or Auditors of the Company, and (d) the directors of the Company.
180. Every person who, by operation of law, transfer or by other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which, previously to his name and address being entered on the Register of Members, shall have duly served on or given to the person from whom he derives his title to such Shares.
181. Any document or notice to be served or given by the Company may be signed by a director or some person duly authorized by the Board for such purpose and the signature thereto may be written, printed or lithographed.
182. All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post, under a certificate of posting or by registered post, or by leaving it at the Office, or by such other means such as fax, e-mail, if permitted under the Act.

#### **WINDING UP**

183. The Liquidator, on any winding up, whether voluntary or under supervision or compulsory, may, with the sanction of a special resolution, but subject to the rights attached to any Preference Share Capital, divide among the contributories, in specie, any part of the assets of the Company and may, with the



like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, as the liquidators, with the like sanction, shall think

#### **INDEMNITY AND RESPONSIBILITY**

184. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

#### **SECRECY**

185. (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 pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with the individuals and in matters relating thereto, and shall, by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by Law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these presents or the Memorandum of Association of the Company.
- (b) No member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors, or to require discovery of or any information respecting any details of the Company's trading or business or any matter which is or may be in the nature of a trade secret, mystery of trade, secret or patented process or any other matter, which may relate to the conduct of the business of the Company and, which in the opinion of the Directors, it would be inexpedient in the interests of the Company to disclose.



## SECTION X: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located PLOT NO. E-225, PHASE-VIII B, INDUSTRIAL AREA, FOCAL POINT, MOHALI-160055 (PUNJAB) from date of filing this 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 January 23, 2018 between our Company and the Lead Manager.
2. Agreement dated January 22, 2018 between our Company and the Registrar to the Issue.
3. Underwriting Agreement dated February 15, 2018 between our Company and the Lead Manager who will act as an underwriter.
4. Market Making Agreement dated February 15, 2018 between our Company and the Lead Manager who will act as Market Maker.
5. Banker's to the Issue Agreement dated February 5, 2018 amongst our Company, the Lead Manager, Bankers to the Issue and the Registrar to the Issue.
6. Tripartite agreement dated February 5, 2018 amongst the NSDL, our Company and Registrar to the Issue.
7. Tripartite agreement dated February 6, 2018 amongst the CDSL, our Company and Registrar to the Issue.

#### Material Documents

1. Certified true copies of our Memorandum and Articles of Association of our Company as amended.
2. Certificate of Incorporation dated February 27, 2002 issued by Registrar of Companies, Punjab and Chandigarh .
3. Fresh Certificate of Incorporation consequent upon conversion of our Company to public limited company from private limited company dated December 29, 2017 issued by Registrar of Companies, Punjab and Chandigarh .
4. Resolution of the Board dated January 05, 2018 authorizing the Issue and other related matters.
5. Special Resolution of the shareholders passed at the EGM dated January 08, 2018 authorizing the Issue and other related matters.
6. Report of the Peer Review Auditor, M/s Jiwan Goyal & Co., Chartered Accountants dated January 18, 2018 on the Restated Financial Statements for the Financial Year ended as on March 31, 2013, 2014, 2015, 2016 and 2017 and December 31, 2017 of our Company.
7. Statement of Possible Tax Benefits dated January 22, 2018 issued by M/s Kapoor Rajesh & Associates, Chartered Accountants.
8. Copy of certificate from Statutory Auditor, M/s Kapoor Rajesh & Associates, Chartered Accountants, dated January 22, 2018 regarding the utilisation proceeds of the issue as on January 20, 2018.

9. Copies of Audited Financial Statements of our Company for the Financial Years ended March 31, 2013, 2014, 2015, 2016 and 2017 audited stub period ended December 31, 2017.
10. Consents of our Promoters, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, Peer Review Auditor, Legal Advisor to the Issue, Bankers to our Company, the Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Banker to the Issue to act in their respective capacities.
11. Copy of Certificate from the Peer Review Auditors of our Company, M/s. Jiwan Goyal & Co., Chartered Accountants, dated January 18, 2018 regarding Eligibility of the Issue.
12. Copy of approval from BSE Limited *vide* letter dated February 19, 2018, to use the name of BSE in this offer document for listing of Equity Shares on SME Platform of BSE.
13. Due Diligence Certificate dated January 24, 2018 from Lead Manager to BSE and Due Diligence Certificate dated February 26, 2018 from Lead Manager to SEBI.

Any of the contracts or documents mentioned in the Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We, the persons mentioned herein below, as Directors or Otherwise, as mentioned, certified that all relevant provisions of the Companies Act, 2013, the Companies Act, 1956, to the extent applicable, the guidelines issued by the Government of India or the regulations or guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with while issuing the Prospectus. No statement made in this Prospectus is contrary to the provisions of the Companies Act 2013, the Companies Act, 1956, to the applicable and the Securities and Exchange Board of India Act, 1992, each as amended from time to time or the rules made there under or regulations and guidelines issued, as the case may be. We further certify that all the statements made in the Prospectus are true and correct.

**Signed by all the Directors of our Company:**

**Mr. Rajesh Mehra**

*Managing Director*

*DIN: 00026176*

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**Mrs. Renu Mehra**

*Director*

*DIN: 02033471*

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**Mr. Mahesh Chandra Saxena**

*Director*

*DIN:05131810*

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**Mr. Rabindra Behera**

*Director*

*DIN:05298483*

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Signed by the Chief Financial Officer and the Company Secretary and Compliance Officer of our Company

**Mr. Amit Jaswal**

*Chief Financial Officer*

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**Ms. Avneet Kaur Bedi**

*Company Secretary & Compliance Officer*

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Place: Mohali

Date: February 26, 2018