**DRAFT RED HERRING PROSPECTUS**
Dated: August 16, 2016
Read section 32 of the Companies Act, 2013
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
**Book Built offer**

# Gretex Industries Limited

Our Company was originally incorporated *vide* Certificate of Incorporation dated July 16, 2009 as 'Heritage Barter Private Limited' under the provisions of the Companies Act, 1956 with the Registrar of Companies, West Bengal bearing Corporate Identification Number U51909WB2009PTC136911. Subsequently, the name of our Company was changed to 'Gretex Industries Private Limited' *vide* special resolution passed by the shareholders of our Company in their meeting held on 22nd January, 2013 and fresh Certificate of Incorporation consequent upon change of name issued by the Registrar of Companies, West Bengal on February 7, 2013. Our Company was converted into a Public Limited Company pursuant to a special resolution passed by shareholders of our Company at their meeting held on October 21, 2013 and the name of our Company was changed to 'Gretex Industries Limited'. A fresh Certificate of Incorporation was issued by the Registrar of Companies, West Bengal on November 20, 2013. The Corporate Identity Number of our Company is U17296WB2009PLC136911. For details of incorporation, change of name and registered office of our Company, please refer to chapter titled *"General Information"* and "*Our History and Certain Other Corporate Matters*" beginning on page [•] of this Draft Red Herring Prospectus.

**Registered Office**: 158, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata – 700 013 West Bengal, India
**Tel. No**.: +91 33 40647251; **Fax No**.: +91 22 24331551; **E-mail**: cs@gretexgroup.com;
**Website**: www.gretexindustries.com; **Contact Person**: Sweta Harlalka, Company Secretary and Compliance Officer

**Promoter of our Company**: Ambuja Technologies Private Limited, Ambition Tie-up Private Limited, Arvind Harlalka and Sumit Harlalka

## THE OFFER

PUBLIC OFFER OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FULLY PAID FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (THE "OFFER PRICE") (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING UP TO RS. [●] LAKHS (THE "OFFER") BY OUR COMPANY, CONSISTING OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO RS. 210.42 LAKHS (THE "FRESH ISSUE") AND OFFER FOR SALE OF 9,24,000 EQUITY SHARES BY BONANZA AGENCIES PRIVATE LIMITED, TALENT INVESTMENT COMPANY. PRIVATE LIMITED AND AMBITION TIE-UP PRIVATE LIMITED OF WHICH (COLLECTIVELY, THE "SELLING SHAREHOLDER") AGGREGATING UP TO RS. [●] LAKHS (THE "OFFER FOR SALE"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF [●] EQUITY SHARES ( THE "NET OFFER") AND A RESERVATION OF [●] EQUITY SHARES AGGREGATING UP TO RS. [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE OFFER AND THE NET OFFER WILL CONSTITUTE [●] AND [●], RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE PRICE BAND,DISCOUNT, IF ANY, TO RETAIL INDIVIDUAL INVESTORS AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMs") AND WILL BE ADVERTISED IN [●] EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER [●], [●] EDITIONS OF THE HINDI NATIONAL NEWSPAPER [●] AND [●] EDITIONS OF THE BENGALI NEWSPAPER [●] (BENGALI BEING THE REGIONAL LANGUAGE OF WEST BENGAL WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST 5 (FIVE) WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE SME PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE EMERGE", REFERRED TO AS THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITES

In case of any revisions in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLMs and the terminals of the Syndicate Members (defined herein below).

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Offer only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to the chapter titled "Offer Procedure" beginning on page [•] of this Draft Red Herring Prospectus. A copy will be delivered for registration to the Registrar as required under Section 26 of the Companies Act, 2013.

THE OFFER IS BEING MADE IN ACCORDANCE WITH CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED FROM TIME TO TIME ("SEBI (ICDR) REGULATIONS").For further details please refer the section titled 'Offer Information' beginning on page [●] of this Draft Red Herring Prospectus.

## RISK IN RELATION TO THE FIRST OFFER

This being the first public Offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 each. The Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (determined and justified by our Company and the Selling Shareholders, in consultation with the BRLMs as stated in "Basis for Offer Price" on page [●] should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or 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 Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page [●] of this Draft Red Herring Prospectus.

## COMPANY'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

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

Each Selling Shareholder severally accepts responsibility only for statements in this Draft Red Herring Prospectus in relation to itself and the Equity Shares being sold by it through the Offer for Sale. Each Selling Shareholder does not assume any responsibility for any other statements made in this Draft Red Herring Prospectus, including without limitation, any statements made by or relating to our Company, other Selling Shareholders or their respective businesses.

## LISTING

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

| BOOK RUNNING LEAD MANAGER | | REGISTRAR TO THE ISSUE |
|---|---|---|
| **PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**<br>406-408, Keshva Premises, Behind Family Court,<br>Bandra Kurla Complex,<br>Bandra East, Mumbai - 400051<br>**Tel:** +91-22 61946725<br>**Fax:** +91-22 2659 8690<br>**Website:** www.pantomathgroup.com<br>**Email:** ipo@pantomathgroup.com<br>**Investor Grievance Id:** ipo@pantomathgroup.com<br>**Contact Person:** Saahil Kinkhabwala<br>**SEBI Registration No:** INM000012110 | **INDIAN OVERSEAS BANK**<br>Merchant Banking Division, 763, AnnaSalai, Chennai-600 002<br>**Tel.:** + 91 44 2851 9548/ 2888 9367; Email: mbd@iobnet.co.in<br>**Investor Grievance Email:** mbdregu@iobnet.co.in<br>**Website:** www.iob.in<br>**Contact Person:** (i) Mrs. B. Gomathy/Mrs.S.Chandra, Merchant Banking Division, Chennai<br>(ii) Mr. Muralidharan, Capital Market Services Branch, Mumbai,<br>**Tel:** + 91 22 226 22017/2262 2018<br>**Compliance Officer:** Mrs. B. Gomathy<br>**SEBI Registration No:** INM000001386 | **BIGSHARE SERVICES PRIVATE LIMITED**<br>E/2, Ansa Industrial Estate,<br>Saki Vihar Road<br>Saki Naka, Andheri (East)<br>Mumbai – 400 072<br>**Tel:** +91 22 40430200<br>**Fax:** +91 22 28475207<br>**Email:** ipo@bigshareonline.com<br>**Website:** www.bigshareonline.com<br>**Investor Grievance Id:** investor@bigshareonline.com<br>**Contact Person:** Babu Raphael<br>**SEBI Registration Number:** INR000001385 |

## BID / OFFER PROGRAMME

| BID/OFFER OPENS ON : [●] | BID/OFFER CLOSES ON : [●] |
|---|---|

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

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

## SECTION I – GENERAL

## DEFINITIONS AND ABBREVIATIONS

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

**Company Related and Selling Shareholder Related Terms**

| Term | Description |
|---|---|
| Articles or Articles of Association or AOA | The Articles of Association of our Company, as amended from time to time |
| ATPL | Ambuja Technologies Private Limited |
| ATUPL | Ambition Tie-Up Private limited |
| ATUPL Offered Shares | Up to 2,24,000 Equity Shares offered by ATUPL in the Offer for Sale as per authorization letter dated [●] |
| Auditor or Statutory Auditor | The Statutory Auditor of our Company, being M/s. Gupta Agarwal and Associates., Chartered Accountants |
| Banker to our Company | [●] |
| "Board" or "Board of Directors" or "our Board" | The Board of Directors of our Company, as duly constituted from time to time, or committee(s) thereof |
| BAPL | Bonanza Agency Private Limited |
| BAPL Offered Shares | Up to 3,50,000 Equity Shares offered by BAPL in the Offer for Sale as per authorization letter dated [●] |
| Company Secretary and Compliance Officer | The Company Secretary and Compliance Officer of our Company being Sweta Harlalka |
| Director(s) | The Director(s) of our Company, unless otherwise specified |
| Equity Shares | Equity Shares of our Company of face value of Rs. 10/- each fully paid up. |
| Equity Shareholders | Persons / Entities holding Equity Shares of our Company |
| "Gretex Industries Limited", or "the Company" ,or "our Company" or "we", "us", "our", or "Issuer" or the "Issuer Company" | Gretex Industries Limited, a Public Limited company incorporated under the provisions of the Companies Act, 1956 |
| Group Companies | Such Companies as are included in the chapter titled "*Our Group Companies"* beginning on page 184 of this Draft Red Herring Prospectus. |
| Memorandum of Association or Memorandum or MOA | The Memorandum of Association of our Company, as amended from time to time |
| Peer Review Auditor | Independent Auditor having a valid Peer Review Certificate in our case being, Surana Singh Rathi & Co, Chartered Accountants |
| "Promoter", "Promoters" or "our Promoters" | Promoters of our Company being Arvind Harlalka, Sumit Harlalka termed as individual promoters and Ambuja Technologies Private Limited and Ambition Tie-Up Private Limited termed as Corporate Promoters. |
| Promoter Group | Includes such persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI Regulations and as disclosed in the chapter titled *"Our Promoters and Promoter Group"* on page 178 of this Draft Red Herring Prospectus |
| Registered Office | The Registered office of our Company situated at 158, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata – 700 013 ,West Bengal. |

| Term | Description |
|---|---|
| RoC / Registrar of Companies | Registrar of Companies, West Bengal at Kolkata, located at Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C.B. Road, Kolkata – 700 020, West Bengal, India. |
| Shareholders | Shareholders of our Company |
| Selling shareholders | Talent Investment Company Private Limited, Ambition Tie-Up Private limited and Bonanza Agency Private Limited |
| TICPL | Talent Investment Company Private Limited |
| TICPL offered shares | Up to 3,50,000 Equity Shares offered by TICPL in the Offer for Sale as per authorization letter dated [●] |

**Offer Related Terms**

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid. |
| Allotment/ Allot/ Allotted | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the respective portion of the Offered Shares by each of the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders |
| Allottee(s) | Successful Bidders(s) to whom Equity Shares have been allotted/transferred. |
| Allotment Advice | Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange. |
| ASBA / Application Supported by Blocked Amount | An application, whether physical or electronic, used by Bidders, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account |
| ASBA Account | An account maintained with an SCSB and specified in the Bid cum Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form |
| ASBA form | An application form, whether physical or electronic, used by Bidders which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus. |
| ASBA Application Location(s) / Specified Cities | Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, Surat and Ahmedabad |
| Banker(s) to the Offer | The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public offer Account will be opened and in this case being [●] |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to the successful Bidders under the Offer and which is described under chapter titled "*Offer Procedure*" beginning on page 278 of this Draft Red Herring Prospectus. |
| Bid | An indication to make an offer during the Bid/Offer Period by a Bidder pursuant to submission of the Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in accordance with the Draft Red Herring Prospectus and Bid cum Application Form |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of |

| Term | Description |
|---|---|
| | Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Offer |
| Bid cum Application form | The form used by a Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Draft Red Herring Prospectus |
| Bid Cum Application Collecting Intermediaries | 1. a SCSB with whom the bank account to be blocked, is maintained<br>2. a syndicate member (or sub-syndicate member) If any<br>3. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)('broker') if any<br>4. a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)<br>5. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity) |
| Bid Lot | [●] Equity shares and in multiples of [●] Equity Shares thereafter |
| Bid/ Offer Closing Date | The date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Bengali newspaper [●], each with wide circulation and in case of any revision, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations |
| Bid/ Offer Opening Date | The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Bengali newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| Bid/ Offer Period | The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof. |
| Bidder | Any prospective Resident Indian investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied |
| Bidding/collecting Centre | Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e, Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |
| Book Building Process | Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made |
| Book Running Lead Managers or BRLMs | The book running lead managers to the Offer namely Pantomath capital Advisors Private Limited |
| Broker Centres | Broker centres notified by the Stock Exchanges, where the Bidders can submit the Bid cum application forms to a Registered Broker. |

| Term | Description |
|---|---|
| | The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of NSE India Limited. |
| CAN or Confirmation of Allocation Note | The note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted/transferred , after approval of Basis of Allotment by the Designated Stock Exchange. |
| Cap Price | The higher end of the Price Band, above which the Offer Price will not be finalised and above which no Bids will be accepted |
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account. |
| Cut-off Price | Offer Price, which shall be any price within the Price Band finalised by our Company and the Selling Shareholders in consultation with the BRLMs.<br>Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. |
| Collecting Depository Participant or CDP | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Controlling Branch/Designated Branch | Such branch of the SCSBs which coordinate Applications under this Offer by the ASBA Applicants with the Registrar to the Offer and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time |
| Demographic Details | The demographic details of the Bidders/Applicants such as their address, PAN, occupation and bank account details |
| Depositories | Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL |
| Depository Participant | A Depository Participant as defined under the Depositories Act, 1996 |
| Designated Date | The date on which the Collection Banks transfer funds from the public issue accounts, and the SCSBs issue instructions for transfer of funds from the ASBA Accounts, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus following which the Board of Directors may Allot Equity Shares to successful Bidders in the Fresh Issue and the Selling Shareholders may give delivery instructions for the transfer of the respective Offered Shares. |
| Designated Intermediary(ies) | Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the Bidders, in relation to the Offer |
| Designated RTA Locations | Such centres of the RTAs where Bidder can submit the Bud cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange (www.nseindia.com) and updated from time to time |
| Designated Stock Exchange | NSE Emerge Platform of NSE India Limited |

| Term | Description |
|---|---|
| Designated CDP Locations | Such centres of the CDPs where Bidders can submit the Bid Cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange (www.nseindia.com) and updated from time to time |
| Draft Red Herring Prospectus or DRHP | This Draft Red Herring Prospectus dated August 16, 2016 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer |
| First/sole Bidder | Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price will be finalised and below which no Bids will be accepted |
| Fresh Issue | The fresh issue of up to [●] Equity Shares aggregating up to Rs. [●] by our Company. |
| FII/ Foreign Institutional Investors | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India. |
| General Information Document/GID | 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 and included in *"Offer Procedure"* on page 278 |
| Listing Agreement` | The Equity Listing Agreement to be signed between our Company and the NSE Emerge Platform of NSE India Limited |
| Market Making Agreement | Market Making Agreement dated [●] between our Company, Book Running Lead Manager and Market Maker. |
| Market Maker | Market Maker appointed by our Company from time to time, in this case being Intellect Stock Broking Limited who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time |
| Market Maker Reservation Portion | The Reserved Portion of [●] Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] for the Market Maker in this Offer. |
| 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 |
| NSE Emerge of NSE/ SME Exchange | The SME platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter XB of the SEBI ICDR Regulations |
| Net Issue | The Issue (excluding the Market Maker Reservation Portion) of [●] Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] by our Company |
| Net Proceeds | Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further information about use of the Offer Proceeds |

| Term | Description |
|---|---|
| | and the Offer expenses, see *"Objects of the Offer"* on page 100 |
| Non Institutional Bidders | All Bidders, including Category III FPIs that are not QIBs or Retail Individual Investors, who have apply for Equity Shares for an amount of more than Rs. 2,00,000 but not including NRIs other than Eligible NRIs |
| Non-Resident | A person resident outside India, as defined under FEMA and includes FIIs and FPIs |
| Offer | The initial public offer of up to [●] Equity Shares of face value of Rs.10 each for cash at a price of Rs. [●] each, aggregating up to Rs.[●] comprising the Fresh Issue and the Offer for Sale of up to [●] Equity Shares by BAPL, up to [●] Equity Shares by ATUPL, up to [●] Equity shares by TICPL, collectively aggregating up to Rs.[●] |
| Offer Agreement | The agreement dated [●] between our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to [●] Equity Shares aggregating up to Rs.[●] by the Selling Shareholders at the Offer Price in terms of the Draft Red Herring Prospectus, consisting of BAPL offered shares, TICPL Offered Shares and ATUPL Offered Shares. For further details in relation to Selling Shareholders, see *"The Offer"* on page 65 |
| Offer Price | The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus The Offer Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs on the Pricing Date in accordance with the Book-Building Process and the Red Herring Prospectus |
| Offer Proceeds | The proceeds of the Offer that is available to our Company and the Selling Shareholders For further information about use of Offer Proceeds, see *"Objects of the Offer"* on page 100 |
| 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 |
| Other Investors | Investors other than Retail Individual Investors. These include individual bidders/applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for. |
| 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 |
| Price Band | Price band of a minimum price of Rs.[●] per Equity Share (Floor Price) and the maximum price of Rs.[●] per Equity Share (Cap Price) including revisions thereof.<br><br>The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and will be advertised at least five |

| Term | Description |
|---|---|
| | Working Days prior to the Bid/Offer Opening Date, in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and [●] edition of the Bengali newspaper [●], each with wide circulation |
| Pricing date | The date on which our Company and the Selling Shareholders in consultation with the BRLMs, will finalise the Offer Price |
| Prospectus | The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price, the size of the Offer and certain other information |
| Public Offer Account | Account opened with the Banker to the Offer i.e. [●] under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the bidders on the Designated Date. |
| Public Offer Account Agreement/ Banker to the Offer Agreement | Agreement entered on [●] amongst our Company, Book Running Lead Manager, the Registrar to the Issue and Public Offer Bank/Banker to the Offer for collection of the Bid Amount on the terms and conditions thereof. |
| Qualified Institutional Buyers or QIBs | Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations, 2009. |
| Red Herring Prospectus or RHP | The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto.<br>The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date |
| Refund Account(s) | The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to Bidders) shall be made. |
| Refund Bank(s) / Refund Banker(s) | Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being [●] |
| Refund through electronic transfer of funds | Refunds through NECS, direct credit, RTGS or NEFT, as applicable |
| Registered Broker | Individuals or companies registered with SEBI as "Trading Members" (except Syndicate/Sub-Syndicate Members) who hold valid membership of NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on http://www.nseindia.com/membership/dynaContent/find_a_broker.htm |
| Registrar /Registrar to the Offer | Registrar to the Offer, in this case being being Bigshare Services Private Limited having registered office at E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri East, Mumbai– 400 072, India |
| 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 |

| Term | Description |
|---|---|
| Resident Indian | A person resident in India, as defined under FEMA |
| Retail Individual Bidder(s)/Retail Individual Investor(s)/RII(s)/RIB(s) | Individual Bidders, or minors applying through their natural guardians, including HUFs (applying through their *Karta*), who apply for an amount less than or equal to Rs 2,00,000 |
| Revision Form | Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s) |
| Reservation Portion | The portion of the offer reserved for category of eligible Bidders as provided under the SEBI (ICDR) Regulations, 2009 |
| Reserved Category / Categories | Categories of persons eligible for making Bids under reservation portion. |
| 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 Bids/Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries or at such other website as may be prescribed by SEBI from time to time |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange. |
| SEBI (Foreign Portfolio Investor) Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014. |
| Specified Locations | Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time |
| Sub-Syndicate members | The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect Bid cum Application Forms and Revision Forms Syndicate Agreement A dated [●] entered into amongst the BRLMs, |
| Syndicate Agreement | Agreement dated [●] entered into amongst the BRLMs, the Syndicate Members, our Company and the Selling Shareholders in relation to the procurement of Bid cum Application Forms by Syndicate |
| Syndicate Members | Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●] |
| Syndicate or Members of the Syndicate | The BRLMs and the Syndicate Members |
| TRS or Transaction Registration Slip | The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid |
| Underwriter | Pantomath Capital Advisors Private Limited |
| Underwriting Agreement | The agreement dated [●] entered into between the Underwriter and our Company |
| Working Day | "Working Day" means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) |

| Term | Description |
|---|---|
| | announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays |

**Technical and Industry Related Terms**

| Term | Description |
|---|---|
| ARMs | Additional Revenue Measures |
| ASEAN | Association of Southeast Asian Nations |
| ASPIRE | A scheme for Promoting Innovation and Rural Entrepreneurs |
| ASSOCHAM | The Associated Chambers of Commerce and Industry of India |
| BBB | Better Business Bureaus |
| BC | Before Christ |
| BMW | Bayerische Motoren Werke AG |
| BSE | Bombay Stock Exchange |
| BSE SENSEX | Sensex is an index; market indicator of the position of stock that is listed in the BSE (Bombay Stock Exchange) |
| BTRA | The Bombay Textile Research Association |
| CAGR | Compound Annual Growth Rate |
| CAP | Corrective Action Plan |
| CARE | Credit Analysis and Research Limited (CARE Ratings) |
| CEO | Chief Executive Officer |
| CGTMSE | Credit Guarantee Trust Fund for Micro and Small Enterprises |
| CLCSS | Credit Linked Capital Subsidy Scheme |
| CMIE | Centre For Monitoring Indian Economy |
| CoE | Centre for Excellence |
| CPI | Consumer Price Index |
| Credit Suisse | Credit Suisse Business Analytics India |
| CSO | Central Statistics Office |
| CY | Current Year |
| DoNER | Ministry of Development of North Eastern Region |
| EIEs | Emerging Industrial Economies |
| EMDEs | Emerging Market and Developing Economies |
| EMEs | Emerging Market Economies |
| FDI | Foreign Direct Investment |
| FICCI | Federation of Indian Chambers of Commerce and Industry |
| FOB | Freight on Board or Free on Board |
| FPI | Foreign Portfolio Investment |
| FY | Financial Year |
| FYP | Five Year Plan |
| GDP | Gross Domestic Product |
| GST | Goods and Services Tax |
| GVA | Gross Value Added |
| HDPE | High-Density Polyethylene |
| HTC | High Tech Computer Corporations |
| IBEF | India Brand Equity Foundation |
| IIP | Index of Industrial Production |
| IMF | International Monetary Fund |

| Term | Description |
|---|---|
| JV | Joint Venture |
| LDPE | Low-Density Polyethylene |
| LLDPE | Linear Low-Density Polyethylene |
| MAI | Market Access Initiative |
| MAT | Minimum Alternative Tax |
| MDA | Market Development Assistance Scheme |
| MMF | Man Made Fibre |
| MMFY | Man-Made Filament Yarns |
| Mn | Million |
| M-o-M | Month-On-Month |
| MoS | Minister of State |
| MoU | Memorandum of Understanding |
| MSECDP | Micro and Small Enterprises- Cluster Development Programme |
| MSMEs | Micro, Small and Medium Enterprises |
| MT | Million Tones |
| MUDRA | Micro Unit Development & Refinance Agency Limited |
| MYEA | Mid-Year Economic Analysis |
| NER | North East Region |
| NITI Aayog | National Institution for Transforming India Aayog |
| NITRA | Northern India Textile Research Association |
| NMP | National Manufacturing Policy |
| OIL | Oil India Limited |
| ONGC | Oil and Natural Gas Corporation |
| PC | Pay Commission |
| PMEGP | Prime Minister's Employment Generation Programme |
| PMI | Purchasing Managers' Index |
| PMMY | Pradhan Mantri MUDRA Yojana |
| PMO | Prime Minister's Office |
| PPP | Purchasing Power Parity |
| PVC | Polyvinyl Chloride |
| RIL | Reliance Industries Ltd |
| RIRI | Rational Investor Ratings Index |
| RMG | Readymade Garments |
| RRTUFS | Revised Restructured Technology Up gradation Fund Scheme |
| SASMIRA | The Synthetic and Art Silk Mills' Research Assocaition |
| SFURTI | Scheme of Fund for Regeneration of Traditional Industries |
| SITP | The Scheme for Integrated Textile Parks |
| SITRA | The South India Textile Research Association |
| SMEs | Small And Medium Enterprises |
| TADF | Technology Acquisition and Development Fund |
| Texprocil | The Cotton Textiles Export Promotion Council |
| TMTT | Technology Mission on Technical Textiles |
| TUFS | Technology Up gradation Fund Scheme |
| UAM | Udyog Aadhaar Memorandum |
| UAN | Udyog Aadhaar Number |
| UK | United Kingdom |
| UMHW Polyethylene | Ultra-High-Molecular-Weight Polyethylene |
| UNIDO | United Nations Industrial Development Organisation |
| UP | Uttar Pradesh |
| US Fed | United States Federal Reserve |
| US$/ US dollar | United States Dollar, the official currency of United States of |

| Term | Description |
|---|---|
| | America |
| US/ U.S./ USA | United States of America |
| WEO | World Economic Outlook |
| WIL | Welspun India Ltd |
| WPI | Wholesale Price Index |

**Conventional and General Terms / Abbreviations**

| Term | Description |
|---|---|
| A/C | Account |
| AGM | Annual General Meeting |
| AIF | Alternative Investments Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| AS/ Accounting Standard | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| A.Y. | Assessment Year |
| AoA | Articles of Association |
| ASBA | Application Supported by Blocked Amount |
| BIFR | Board for Industrial and Financial Reconstruction |
| BRLMs | Book running Lead managers |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CENVAT | Central Value Added Tax |
| CC | Cash Credit |
| CFO | Chief Financial Officer |
| CS | Company Secretary |
| CMD | Chairman and Managing Director |
| CIN | Corporate Identification Number |
| Companies Act, 1956 | 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 |
| Depositories | NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited); 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. |
| DGFT | Directorate General of Foreign Trade |
| DIN | Director Identification Number |
| DIPP | Department of Industrial Policy & Promotion |
| DP | Depository Participant |
| DP ID | Depository Participant's Identity |
| EBIDTA | Earnings before interest, depreciation, tax, amortization and extraordinary items |
| ECS | Electronic Clearing Services |
| EGM | Extraordinary General Meeting |
| ESIC | Employee State Insurance Corporation |
| ESOP | Employee Stock Option Plan |
| ESPS | Employee Stock Purchase Scheme |
| EPS | Earnings Per Share |

| Term | Description |
|---|---|
| FDI | Foreign Direct Investment |
| FCNR Account | Foreign Currency Non Resident Account |
| FEMA | Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under |
| FII(s) | Foreign Institutional Investors, as defined under the FII Regulations and registered with the SEBI under applicable laws in India. |
| FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. |
| FIs | Financial Institutions |
| FIPB | The Foreign Investment Promotion Board, Ministry of Finance, Government of India |
| FPI(s) | Foreign Portfolio Investor means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act,1992 |
| FVCI | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 |
| FV | Face Value |
| F.Y./FY | Financial Year |
| GAAP | Generally Accepted Accounting Principles |
| GDP | Gross Domestic Product |
| GIR Number | General Index Registry number |
| GoI/ Government | Government of India |
| HNI | High Networth Individual |
| HUF | Hindu Undivided Family |
| ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| ICAI | Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| IPO | Initial Public Offering |
| IRDA | Insurance Regulatory and Development Authority |
| IT Rules | The Income Tax Rules, 1962, as amended from time to time |
| INR | Indian National Rupee |
| Key Managerial Personnel/KMP | The officers declared as a Key Managerial Personnel and as mentioned in the chapter titled "*Our Management*" beginning on page 167 of this Draft Red Herring Prospectus. |
| Ltd. | Limited |
| Mtr | Meter |
| Mn | Million |
| MoA | Memorandum of Association |
| MoU | Memorandum of Understanding |
| MICR | Magnetic Ink Character Recognition |
| N/A or N.A. | Not Applicable |
| NAV | Net Asset Value |
| NBFC | Non Banking Finance Company |
| NECS | National Electronic Clearing Services |

| Term | Description |
|---|---|
| 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 |
| 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 |
| NI Act | Negotiable Instruments Act, 1881 |
| p.a. | per annum |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| Pvt. | Private |
| PBT | Profit Before Tax |
| P/E Ratio | Price Earnings Ratio |
| 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 as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SCSB | Self Certified Syndicate Bank |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 2015, as amended from time to time |
| SEBI Insider Trading Regulations | The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time |
| SEBI Listing Regulations/ Listing Regulations/ SEBI (LODR) Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Takeover Regulations / Takeover Regulations / Takeover Code | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time |
| Sub-Account | Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals. |
| SME | Small Medium Enterprise |

| Term | Description |
|---|---|
| SSI Undertaking | Small Scale Industrial Undertaking |
| Stock Exchange(s) | NSE EMERGE |
| Sq. mtr | Square Meter |
| STT | Securities Transaction Tax |
| TAN | Tax Deduction Account Number |
| TRS | Transaction Registration Slip |
| TIN | Taxpayers Identification Number |
| u/s | Under Section |
| UIN | Unique Identification Number |
| US/ U.S./ USA/ United States | United States of America |
| U.S. GAAP | Generally accepted accounting principles in the United States of America |
| UOI | Union of India |
| VAT | Value Added Tax |
| VCF / Venture Capital Fund | Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India. |
| WDV | Written Down Value |
| WTD | Whole-time Director |
| w.e.f. | With effect from |
| YoY | Year over year |

Notwithstanding the following: -

i. In the section titled "*Main Provisions of the Articles of Association"* beginning on page 326 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

ii. In the section titled "*Financial Statements*" beginning on page 199 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter;

iii. In the section titled "*Risk Factors*" beginning on page 20 of this Draft Red Herring 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 108 of this Draft Red Herring 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 235 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

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

### FINANCIAL DATA

Unless stated otherwise, the financial data included in this Draft Red Herring Prospectus are extracted from the restated financial statements of our Company, prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled "*Financial Statements as Restated"* beginning on page 199 this Draft Red Herring Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations.

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

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

Any percentage amounts, as set forth in *"Risk Factors"*, *"Our Business"*, *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company's restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled "*Financial Statements as Restated"* beginning on page 199 of this Draft Red Herring Prospectus.

### CURRENCY OF PRESENTATION

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

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

### INDUSTRY AND MARKET DATA

Unless stated otherwise, Industry and Market data and various forecasts used throughout this Draft Red Herring Prospectus have been obtained from publically available information, Industry Sources and Government Publications.

Industry Sources as well as Government Publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by the Book Running Lead Manager or our Company or any

of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "*Risk Factors"* on page 20 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based solely on such information.

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

## FORWARD LOOKING STATEMENTS

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in the Industry which we operate;
- Factors affecting the Industry in which we operate;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Our failure to keep pace with rapid changes in technology;
- The occurrence of natural disasters or calamities;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- 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 20 and 235 respectively of this Draft Red Herring 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 Draft Red Herring Prospectus. Neither we, our Directors, Book Running Lead Manager, Underwriters, Selling Shareholders 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 BRLMs and our Company will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

## SECTION II - RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring 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.*

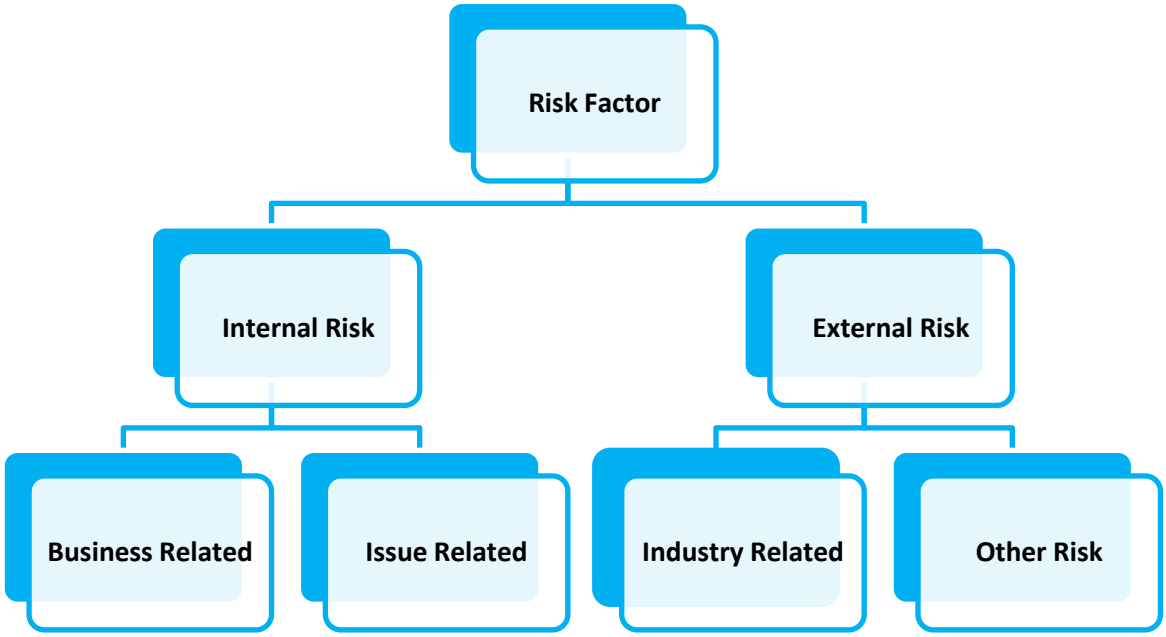
*To obtain a better understanding, you should read this section in conjunction with the chapters titled "Our Business" beginning on page 140, "Our Industry" beginning on page 111 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 235 respectively, of this Draft Red Herring 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 the Company used in this section is derived from our financial statements under Indian GAAP, as restated in this Draft Red Herring Prospectus. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled "Definitions and Abbreviations" beginning on page 3 of this Draft Red Herring 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.*

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




## INTERNAL RISKS

### A. Business related Risks

1. ***There are certain tax related proceedings and claims involving one of the Corporate Promoters and some of our Group Companies and the same are currently pending at different stages before the concerned statutory authorities. Any adverse rulings by the authorities in such proceedings may have an adverse impact on our business operations.***

One of the Corporate Promoters for our Company, Ambition Tie Up Priavte Limited had been issued demand notices under Section 143 (1) of the Income Tax Act, 1961 for the Assessment Year 2007-08 and 2008-09 and the said demand is currently outstanding. Further, Our Group Companies Gretex Corporate Services Private Limited, Sherwood Securities Private Limited, Apsara Selections Private Limited, Sankhu Merchandise Private Limited and Bonanza Agency Private Limited had been issued notices under Section 143 (2) of the Income Tax Act, 1961 for respective Assessment Years and the proceedings are currently pending as the scrutiny is in process.

Except as mentioned below, there are no legal proceedings by or against our Company and Directors. A classification of legal proceedings is mentioned below:

| Name of Entity | Criminal Proceedings | Civil/ Arbitration Proceedings | Tax Proceedings | Labour Disputes | Consumer Complaints | Complaints under Section 138 of NI Act, 1881 | Aggregate amount involved (Rs. In lakhs) |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **By the Company** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Against the Company** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Promoters** | | | | | | | |
| **By the Promoter** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Against the Promoter** | **Nil** | **Nil** | **2** | **Nil** | **Nil** | **Nil** | **0.03** |
| **Group Companies** | | | | | | | |
| **By Group Companies** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Against Group Companies** | **Nil** | **Nil** | **8*** | **Nil** | **Nil** | **Nil** | **5.82*** |
| **Directors other than promoters** | | | | | | | |
| **By the Directors** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Against the Directors** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Subsidiaries** | | | | | | | |
| **By the Subsidiaries** | **N.A.**** | **N.A.** | **N.A.** | **N.A.** | **N.A.** | **N.A.** | **N.A.** |
| **Against the Subsidiaries** | **N.A.** | **N.A.** | **N.A.** | **N.A.** | **N.A.** | **N.A.** | **N.A.** |

**Certain litigations are only CASS Scrutiny hence no amount determined in those cases.*
***N.A. = Not Applicable*

Also, there is no assurance that in future, we, our promoters, our directors or group companies may not face legal proceedings; any adverse decision in such legal proceedings may impact our business. For further details in relation to legal proceedings involving our Company, Promoters, Directors, Group Company and Subsidiaries see the chapter titled *"Outstanding Litigation and Material Developments"* on page 245 of this Draft Red Herring Prospectus.

2. ***Our Company has limited operating history and our size is very small***

   Our Company was incorporated in the year 2009 and our Promoters purchased shares from the erstwhile shareholders in the year 2010 and business operations of the Company commenced in the year 2013-14. Our promoters have no prior experience in manufacturing of fabric and other apparels. We have a very limited operating history from which you can evaluate our business, future prospects and viability. As a result, our future revenue and profitability are difficult to estimate and could fluctuate significantly and, as a result, the price of our Equity Shares may be volatile. Further our Promoters are first generation entrepreneurs. Their experience in managing and being instrumental in the growth of our Company is limited to the extent of their knowledge and experience and we cannot assure that this will not affect our business growth.

3. ***Our Promoters are involved in several unrelated businesses and as such business undertaken by our Company may not get due attention and priority by our promoters.***

   Our Promoters are crucial to the success and sustainable growth of our Company in long run. Our business is heavily dependent on promoters for their experience, knowledge, skill set and continued guidance. Timely involvement of our Promoters in the business operations and management was one of the significant aspects of our business growth.

However, our Promoters are engaged in various business ventures in their personal capacity which are not anyway connected or related to business undertaken by our Company. Our Promoters are more actively involved in these different businesses and may not find time required to be devoted for our Company. There is no assurance that our promoters will dedicate their full attention and time to our Company as they may find their business ventures as priority. Preference of our promoters to the Interest in their personal business ventures over our Company's business needs may prove disadvantageous to our Company. Failure of our promoters to prioritize their valuable time and knowledge resources to our Company, may affect our results of operations, impacting overall profitability of our Company.

4. ***Our operations for manufacturing of apparels are dependent on availability of sewing and dyeing services on regular basis.***

   Our operations for manufacturing of apparels are dependent on various sewing and dyeing industries around Howrah and Kolkata. We manufacture fabric and outsource dyeing and sewing of the same for thermal wear, hosiery and other apparels. Availability of sewing and dyeing services on regular and cost effective basis is the key to our operations. Though we have maintained good relationship with these agencies; we cannot assure their support on ongoing basis. Increase in cost of these services or their unavailability in future years will hinder our production and in turn our financials, cash flows and revenue.

5. ***Our Company undertakes job work activities which exposes us to loss in case of rejection of goods.***

   We engage in job work activities for clients like Rupa Industries, Dollar and TT Limited, etc. The goods we supply undergo under stringent quality checks prior to packing with brand name of our clients. We have been supplying finished goods to them since [•]. We have in past faced rejection of goods on several occasions which exposes us to risk of additional losses. We may not be able to deliver the requisite quality of goods and may face rejections which in turn would affect our revenue, financials and cash flows of the Company.

6. ***Our cost of production is exposed to fluctuations in the prices of cotton, lycra and polyester yarns material.***

   We are exposed to fluctuations in the prices of cotton, lycra and polyester yarns. We generally procure raw materials from domestic suppliers and may not be able to control factors affecting the price at which we procure them. We also face the risks associated with compensating for or passing on such increase in our cost of production on account of such fluctuations in prices to our customers. We also face the risk of our products becoming unaffordable for a segment of the demography, if we pass on the increase in the cost of production to our customers through a corresponding increase in the price of our products in order to maintain our profit margins. Upward fluctuations in the prices of raw material may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial condition and results of operations. For further details of our procurement operations and our cost of production, refer chapters titled *"Our Business"* and *"Financial Statements as Restated"* beginning on page 140 & 199 of this Draft Red Herring Prospectus.

7. ***The capacity of our manufacturing facility is not fully utilized and could impair our ability to fully absorb fixed costs.***

   The capacity of our manufacturing at Jalan Complex, Howrah has not been fully utilized, over the previous years, and there is no assurance that there will be an increase in the capacity utilization in the future. If we are unable to fully utilize our capacity in the future this could affect our cost and profitability and thereby adversely affect the financial condition of our Company.

| Year of commencement of Operations | Aggregate Installed Capacity | Capacity Utilized (% Of Installed Capacity) | | | | |
|---|---|---|---|---|---|---|
| | | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |

| | | | | | | |
|---|---|---|---|---|---|---|
| [•] | 990.000 MT per annum | [●] | [●] | [●] | | |

8. ***Textile Industry is an extremely competitive industry and we face risk of duplication of our products which may affect demand for our products***

   Our products are based on fashion as well specific needs of customers. We also undertake research activities to ensure that varied range of fabrics are produced. Our purchase and sales model includes various intermediaries who may connect with our competitors and share details of the specialties of our products. We may not be able to protect our trade secrets and may also not be able to defend them. We have not entered into any non-disclosure agreements with our intermediaries and thus our efforts towards our marketing and manufacturing research activities may be leaked to other players in the market. This may affect the demand and exclusivity of our products and make us subject to fierce competition thereby adversely affecting our business, financial condition and results of operations.

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

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

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

    Our business is dependent on our continuing relationships with our customers. Earlier we used to enter into contracts with clients such as Rupa Industries Limited. Now, our Company neither has any long-term contract with any of customers nor has any marketing tie up for our products. Any change in the buying pattern of our end users or disassociation of major customers can adversely affect the business of our Company. The loss of or interruption of work by, a significant customer or a number of significant customers or the inability to procure new orders on a regular basis or at all may have an adverse effect on our revenues, cash flows and operations.

11. ***Currently we have an aggregate outstanding export obligation of Rs. 437.41 Lakhs, which needs to be fulfilled between the years 2013 to 2019.***

    Currently, we have an outstanding export obligation of Rs. 437.41 Lakhs which needs to be fulfilled between the years 2013 to 2019. This amount pertains to various capital assets imported at concessional rate of import duty under the EPCG scheme. For further information of details of the licenses and outstanding export obligations please refer chapters titled *"Our Business" and "Financials Statements as Restated"* beginning on page 140 and 199 Draft Red Herring Prospectus. Failure to meet export obligation would entail payment of the amount of duty saved together with interest.

12. ***We require a number of approvals, NOCs, licences, registrations and permits in the ordinary course of our business. Failure to obtain or apply for renewal of the same in a timely manner may adversely affect our business operations***

    We require a number of approvals, licenses, registrations and permits in the ordinary course of our business. Additionally, we may need to apply for renewal of approvals which expire,

from time to time, as and when required in the ordinary course. Further, the original copy of allotment of Tax Deduction Account Number (TAN) is currently not traceable by the company. We have also applied for Membership with the West Bengal Hosiery Association, but the approval for the same is pending. The Certificate of Registration of Service Tax is in the name of GRETEX INDUSTRIES PRIVATE LIMITED and an Amendment Application for amending the registration details i.e. the name of the company (Assessee) to GRETEX INDUSTRIES LIMITED has been filed with the concerned authority but the same is pending for approval.

Further, our company has not yet obtained or applied for renewal of following material approvals and licenses:

- Renewal of License to work a factory for the year financial year 2016 (under Factories Act, 1948 and Rules made thereunder) to be obtained from Chief Inspector of Factories, Directorate of Factories, Government of West Bengal.

- Trade Certificate Under Rule 58 of the West Bengal Panchayat (Gram Panchayat Administration) Rules, 2004, as amended upto 2006, to be obtained from Office of the Begri Gram Panchayat,, Begri, P.S.: Domjur, Dist. Howrah, Pin: 711411.

- Renewal of Registration under Foreign Trade Policy, 2010-2015 to be obtained from Apparel Export Promotion Council.

Any failure to apply for and obtain the required approvals, licences, registrations or permits in a timely manner, or any suspension or revocation of any of the approvals, licences, registrations and permits would result in a delay in the our business operations which could otherwise adversely affect our financial condition, results of operations and prospects of the Company. We cannot assure you that the approvals, licences, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. In addition to same, our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business and results of operations.

For further details, please refer the Chapter *"Government and other Statutory Approvals"* on page 251 of this Draft Red Herring Prospectus.

13. ***Our trademark*** ***and the brand name 'LEKME' (Wordmark) are not registered under the Trade Marks Act, 1999 and our ability to use the said trademark and word mark may be impaired as we may not be able to protect and/or maintain the same.***

Our ability to market and sell our products depends upon the recognition of our brand names and associated consumer goodwill. Our Company's business may be affected due to our inability to protect our existing and future intellectual property rights. Currently, we do not have registered trademarks for our Company logo and the Brand Name under the Trade Marks Act, 1999. Our two Trademark applications, made to registrar of trademarks, trademark registry, Kolkata having Application Nos. 2953963 and 2531591, respectively stand objected.

Consequently, we do not enjoy the statutory protections accorded to registered trademarks in India for the said logo and brand name of our company and can not prohibit the use of such by anybody by means of statutory protection. Non-registration of the said trademarks can allow any person to use a deceptively similar mark and market its product which could be similar to the products offered by us. Our competitors and other companies may challenge the validity or scope of our intellectual property rights over this corporate logo and Brand Name.

Such infringement will hamper our business as prospective clients may go to such user of mark and our revenues may decrease.

Further, we may be required to invest significant resources in developing new brands or names, which could materially and adversely affect our business, financial condition, results of operations and prospects. There is no guarantee that the application for registration of our logo and brand name will be accepted in future in favour of the Company. This may affect our ability to protect our trademark in the event of any infringement of our intellectual property.

For further details, please refer the Chapter *"Government and other Statutory Approvals"* on page 251 of this Draft Red Herring Prospectus.

***14. We generate major portion of sales from our operations in certain geographical regions especially in West Bengal. Any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.***

A major portion of our total sales are made in West Bengal. Such geographical concentration of our business in West Bengal increases our exposure to adverse developments related to competition, as well as economic and demographic changes in West Bengal which may adversely affect our business prospects, financial conditions and results of operations.

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

***15. We may be unable to attract and retain employees which would adversely affect our operations, business growth and financial results***

We rely on our employees to help us manufacture quality products. Our employees may terminate their employment with us prematurely and we may not be able to retain them. Workers in this industry are highly sought after, and competition for. If we experience any failure to attract and retain competent personnel or any material increase in labour costs as a result of the shortage of skilled labour, our competitiveness and business would be affected which in turn would affect our financial condition and operating results.

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

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

*(Rs. In lakhs)*

| Particulars | For the Year Ended | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **A. Current Assets** | | | | | |
| a. Inventories | 37.97 | 68.21 | 5.00 | - | - |
| b. Trade Receivables | 128.11 | 120.39 | 3.71 | - | - |
| c. Cash and Cash Equivalents | 25.67 | 19.36 | 36.34 | 3.48 | 10.26 |

| Particulars | For the Year Ended | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| d. Short Term Loans & Advances | 19.42 | 12.27 | 19.85 | 98.67 | 24.86 |
| e. Other Current Assets | - | 11.68 | - | - | - |
| **B. Current Liabilities** | | | | | |
| Short Term Borrowings | 111.43 | 207.48 | 105.00 | 101.9 | - |
| Trade Payables | 28.8 | 55.62 | 1.23 | 0.27 | 0.24 |
| Working Capital (A-B) | 70.94 | -31.19 | -41.33 | -0.02 | 34.88 |
| Inventories as % of total current assets | 17.98% | 29.41% | 7.70% | - | - |
| Trade receivables as % of total current assets | 60.67% | 51.91% | 5.72% | - | - |

Our Industry is working capital intensive and involves high investment in trade receivables and inventory. We intend to continue growing by reaching to other geographical areas. All these factors may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the chapter titled *"Objects of the Offer"* beginning on page 100 of this Draft Red Herring Prospectus.

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

Our Company uses third party transportation providers for delivery of finished goods. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. These transportation facilities may not be adequate to support our existing and future operations. In addition raw materials/ finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials may have an adverse effect on our business and results of operations.

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

***18. Disclosure relating to Promoter Group of our Company does not include entity(ies) in which certain of our Promoters' relatives may have an interest.***

The Promoter Group of our Company does not include certain relatives of our Promoters and/or any entities in which they jointly or severally may have an interest The aforesaid relatives fall under the definition of 'immediate relatives' as per the SEBI (ICDR) Regulations but, as such, do not form part of the 'Promoter Group' and nor do they own any shareholding in our Company. There is an informal disassociation with the aforesaid relatives and our Promoters vide declaration cum affidavit dated July 11, 2016 has submitted that information related to business/financial interest held by the said relatives is not accessible for the purpose of disclosure in this Draft Red Herring Prospectus. Also the said persons through their respective declarations have expressed their unwillingness to be included in the 'Promoter Group' of the Company and have requested that their entities

should not be considered to be part of our 'Promoter Group' and 'Group Companies'. Thus these immediate relatives are treated as disassociated from the promoter group though there are no formal disassociation agreements with them. The relatives as described above are as under:

| Relationship with Promoter | Name of relative | Name of relative |
|---|---|---|
| Spouse's Father | Late Ratan Lal Jewrajka | Om Prakash Singhania |
| Spouse's Mother | Urmila Devi Jewrajka | Kalavati Singhania |
| Spouse's Brother | Sanjay Jewrajka | Piyush Singhania |
| Spouse's Sister | Kiran Todi | Anjali Poddar<br>Manju Gupta<br>Anju Lohia<br>Sneha Singhania |

Therefore, the disclosures made in this Draft Red Herring Prospectus are limited to the extent of information that has been made available by our Promoters in relation to Promoter Group and Group Companies.

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

Our Company has obtained insurance coverage in respect of certain risks. Our significant insurance policies consist of Fire Building. While we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits, losses due to terrorism etc. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance has been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

20. ***Our Company has a negative cash flow in its operating activities as well as investing activities in the past 5 years, details of which are given below. Sustained negative cash flow could impact our growth and business.***

Our Company had negative cash flows from our operating activities as well as investing activities in the previous year(s) as per the Restated Financial Statements and the same are summarized as under:

**Rs in Lakhs**

| Particulars | For the year ended | | | | |
|---|---|---|---|---|---|
| | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
| Cash Flow from / (used in) Operating Activities | 17.53 | 80.99 | 72.97 | 30.66 | (9.75) |
| Cash Flow from / (used in) Investing Activities | (48.98) | (54.26) | (346.09) | (35.34) | 18.57 |
| Cash Flow from / (used in ) Financing Activities | 37.77 | (43.71) | 305.98 | (2.11) | (0.00) |

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

21. ***We do not own the premises of our factory and of our registered office.***

We do not own the premises on which our manufacturing facility and registered office are situated. We have taken the premises of our factory on lease from Anup Fathepuria. The premises of our Registered Office is owned by Promoter Group entity; i.e. Alok Harlalka HUF. If Anup Fathepuria and Alok Harlalka HUF not renew the agreement under which we occupy the premises or renew such agreements on terms and conditions that are unfavorable to our Company, we may suffer a disruption in our operations or have to pay increased rentals which could have a material adverse effect on our business, financial condition and results of operations.

22. ***Our top five customers contribute more than 86.82% of our revenues for the year ended March 31, 2016. Any loss of business from one or more of them may adversely affect our revenues and profitability.***

Our top five customers contribute majority of our revenues for the year ended March 31, 2016. Further these customers are generally traders who further sell to the industrial customers. However, the composition and revenue generated from these customers might change as we continue to add new customers in normal course of business. Any decline in our quality standards, growing competition and any change in the demand for our services by these customers may adversely affect our ability to retain them. However, there can be no assurance that we will continue to have such long term relationship with them also any delay or default in payment by these customers may adversely affect our business, financial condition and results of operations. We cannot assure that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our revenues and profitability.

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

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

24. ***Our Promoters and members of Promoter Group have acquired Equity Shares in the last twelve months at the price which is lower than the Issue Price.***

Our Promoters and members of Promoter Group have acquired Equity Shares at a price less than the Issue price in last twelve months. Arvind Harlalka, Arvind Harlalka HUF, Sumit Harlalka and Sumit Harlalka HUF purchased 50,000, 276,000, 50,000 and 100,000 Equity Shares each from Gretex Corporate Services Private Limited. For further details of Equity Shares issued, please refer to chapter titled, *"Capital Structure"* beginning on page 78 of this Draft Red Herring Prospectus

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

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

26. ***Our Promoters and members of the Promoter Group have provided personal guarantees to certain loan facilities availed by us, which if revoked may require alternative guarantees, repayment of amounts due or termination of the facilities.***

Our Promoters and members of the Promoter Group have provided personal guarantees in relation to certain loan facilities availed of by us. In the event that any of these guarantees are revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring alternative guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial condition.

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

We have secured our lenders by creating a charge over our movable properties in respect of loans/facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as long term secured loans were Rs. 100.83 lakhs and short term secured loans were Rs. 26.31 lakhs as on March 31, 2016. In the event we default in repayment of the loans/facilities availed by us and any interest thereof, our movable properties may be forfeited by lenders, which in turn could have significant adverse affect on business, financial condition or results of operations. For further information on the Financial Indebtedness please refer to page 243 of this Draft Red Herring Prospectus.

28. ***We operate in a highly competitive environment and may not be able to maintain our market position, which may adversely impact our business, results of operations and financial condition.***

Our industry in particular, is highly and increasingly competitive and unorganised, and our results of operations and financial condition are sensitive too, and may be materially adversely affected by, competitive pricing and other factors. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations.

The segment to which we cater is fragmented and continues to be dominated by unorganised suppliers We believe that in order to compete effectively, we must continue to maintain our reputation, be flexible and innovative in responding to rapidly changing market demands and consumer preferences, and offer consumers a wide variety of high quality products at competitive prices. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

29. ***Our lenders have imposed certain restrictive conditions on us under our financing arrangements. Under our financing arrangements, we are required to obtain the prior, written lender consent for, among other matters, changes in our capital structure, formulate a scheme of amalgamation or reconstruction and entering into any other borrowing arrangement. Further, we are required to maintain certain financial ratios.***

There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. Our level of existing debt and any new debt that we incur in the future has important consequences. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans. For further information,

see the chapter titled *"Financial Indebtedness"* on page 243 of the Draft Red Herring Prospectus.

Though these covenants are restrictive to some extent to the Company however it ensures financial discipline, which would help the Company in the long run to improve its financial performance.

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

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

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

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

***32. Continued operations of our manufacturing facility are critical to our business and any disruption in the operation of our facility may have a material adverse effect on our business, results of operations and financial condition.***

Our manufacturing facility, at Jalan Complex, Howrah, West Bengal is subject to operating risks, such as unavailability of machinery, break-down, obsolescence or failure of machinery, disruption in power supply or processes, performance below expected levels of efficiency, labour disputes, natural disasters, industrial accidents and statutory and regulatory restrictions. Our machines have limited lives and require periodic cleaning as well as annual over hauling maintenance. In the event of a breakdown or failure of such machinery, replacement parts may not be available and such machinery may have to be sent for repairs or servicing. This may lead to delay and disruption in our production process that could have an adverse impact on our sales, results of operations, business growth and prospects.

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

Modernization and technology up gradation is essential to provide better services. Although we strive to keep our technology in line with the latest standards, we may be required to implement new technology or upgrade the existing employed by us. Further, the costs in upgrading our technology could be significant which could substantially affect our finances and operations. Our failure or inability to incorporate any change in technology might place our competitors at an advantage in terms of costs, efficiency and timely delivery of the final products.

***34. We will not receive a part of the proceeds from this offer as the offer includes offer for sale as well.***

The offer comprises of sale of 9,24,000 Equity Shares of our Company through an offer for sale by promoter selling shareholders i.e. by Bonanza Agencies Private Limited, Talent Investment Company Private Limited and Ambition Tie-up Private Limited. For further details, see the section entitled "*The Offer*" on page 65. Part proceeds from the offer will be remitted to the selling shareholders and our Company will not be benefited from such proceeds.

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

As on year ended March 31, 2016 our Company has unsecured loans amounting to Rs. 0.13 lakhs from our Directors, relatives of Directors that are repayable on demand by the relevant lenders. Such loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lenders at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows.

For further details of unsecured loans of our Company, please refer 'Note [•]' *'Statement of Unsecured Loans'* of chapter titled "Financial Statements" beginning on page 199 under the chapter 'Auditors' Report and Financial Information of Our Company' of the Draft Red Herring Prospectus.

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

As of now our company has not declared dividend. We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements.. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see *"Dividend Policy"* on page 198.

***37. Our success depends largely upon the services of our Directors and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.***

Our Directors have built relations with clients and other persons who are connected with us. Our success is substantially dependent on the expertise and services of our Directors and our Key Managerial Personnel. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

***38. Our business operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.***

We have not experienced any major disruptions to our business operations due to disputes or other problems with our work force in the past; there can be no assurance that we will not

experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Shortage of skilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations.

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

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

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

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

Our Directors and key managerial personnel are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, some of our Directors and key managerial personnel may also be interested to the extent of their shareholding and dividend entitlement in our Company. For further information, see *"Capital Structure"* and *"Our Management"* on pages 78 and 167, respectively, of this Draft Red Herring Prospectus.

41. ***Any defects in our products could make our Company liable for customer claims and rejections, which in turn could affect our Company's results of operations.***

Our Company is bound by the terms and conditions as stated in the purchase order placed by its customers. There are no specific regulations governing the supply of the same, other than the general law of contracts. Any claims made by these customers for defects in the products and rejection of goods thereof, would be subject to these terms and conditions, which are in the nature of normal contractual obligations in India. Any violation of these obligations could impact our Company's results of operations.

## EXTERNAL RISKS

**Industry Risks**

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

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

**Other Risks**

43. ***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.

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

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

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax ("STT") has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India, if securities transaction tax has been paid on the transaction. Any gain realised on the sale of shares held for more than 36 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of equity shares held for a period of

36 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, may be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India

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

    As stated in the reports of the Peer Reviewed Auditor included in this Draft Red Herring Prospectus under chapter "Financial Statements as Restated" beginning on page 176, the financial statements included in this Draft Red Herring Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

46. ***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 effect on our business, financial condition and results of operations***

    Taxes and other levies imposed by the Central or State Governments in India that affect our industry include:

    - custom duties on imports of raw materials and components;
    - excise duty on certain raw materials and components;
    - central and state sales tax, value added tax and other levies; and
    - Other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

    These taxes and levies affect the cost and prices of our products and therefore demand for our product. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse effect on our business, profitability and financial condition

47. ***The nationalized goods and services tax (GST) regimes proposed by the Government of India may have material impact on our operations***

    The Government of India has proposed a comprehensive national goods and service tax (GST) regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Given the limited liability of information in the public domain covering the GST we are unable to provide/ measure the impact this tax regime may have on our operations

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 Industry data contained in the*** *Draft Red Herring Prospectus*

While facts and other statistics in the Draft Red Herring Prospectus relating to India, the Indian economy and industry in which we operate 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 111 of the Draft Red Herring 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. Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares***

The Indian securities markets are smaller than securities markets in more developed economies and the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have experienced volatility in the recent times. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading and limited price movements. A closure of, or trading stoppage on the SME Platform of BSE could adversely affect the trading price of the Equity Shares

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

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

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

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

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

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

54. ***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

55. ***Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer***

India has experienced natural calamities such as earthquakes, tsunami, floods etc. in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

## PROMINENT NOTES

1. Our Company was originally incorporated *vide* Certificate of Incorporation dated July 16, 2009 as 'Heritage Barter Private Limited' under the provisions of the Companies Act, 1956 with the Registrar of Companies, West Bengal bearing Corporate Identification Number U51909WB2009PTC136911. Subsequently, the name of our Company was changed to 'Gretex Industries Private Limited' *vide* special resolution passed by the shareholders of our Company in their meeting held on January 22, 2013 and fresh Certificate of Incorporation consequent upon change of name issued by the Registrar of Companies, West Bengal on February 7, 2013. Our Company was converted into a Public Limited Company pursuant to a special resolution passed by shareholders of our Company at their meeting held on October 21, 2013 and the name of our

Company was changed to 'Gretex Industries Limited'. A fresh Certificate of Incorporation was issued by the Registrar of Companies, West Bengal on November 20, 2013. The Corporate Identity Number of our Company is U17296WB2009PLC136911.

2. Offer of up to [●] Equity Shares for cash at a price of [●] per Equity Share (including a share premium of [●] per Equity Share) aggregating up to [●] consisting of a Fresh Issue of up to [●] Equity Shares aggregating up to 210.42 lakhs by the Company and an Offer for Sale of up to 9,24,000 Equity Shares aggregating up to Rs. [●] lakhs, comprising of an offer for sale of up to 2,24,000 Equity Shares by Ambition Tie-up Private Limited, up to 3,50,000 Equity Shares by Bonanza Agency Private Limited and up to 3,50,000 Equity Shares by Talent Investment Company Private Limited collectively aggregating up to Rs. [●] lakhs. The Offer will constitute [●] % of the post-Offer paid up Equity Share capital of our Company.

3. Investors may contact the BRLMs or the Company Secretary & Compliance Officer for any complaint / clarification / information pertaining to the Issue. For contact details of the Lead Manager and the Company Secretary & Compliance Officer, please refer to chapter titled *"General Information"* beginning on page 67 of this Draft Red Herring Prospectus

4. The pre-issue net worth of our Company as per the restated financial statements of our Company as on March 31, 2016 is Rs. 376.86 lakhs and book value as on March 31, 2016 is Rs. 11.94. For more information, please refer to section titled *"Financial Statements as Restated"* beginning on page 199 of this Draft Red Herring Prospectus.

5. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below

| Name of the Promoter | No. of Shares held | Average cost of Acquisition (in Rs.) |
|---|---|---|
| Arvind Harlaka | 53,400 | 9.46 |
| Sumit Harlaka | 53,400 | 9.46 |
| Ambuja Technologies Private Limited | 5,27,000 | 0.29 |
| Ambition Tie-up Private Limited * | 5,72,000 | 5.91 |

For further details relating to the allotment of Equity Shares to our Promoter, please refer to the chapter titled *"Capital Structure"* beginning on page 78 of this Draft Red Herring Prospectus. For details on related party transactions and loans and advances made to any company in which Directors are interested, please refer *"Related Party Transaction"* beginning on page 197 under chapter titled *"Financial Statements as restated"* beginning on page 199 of this Draft Red Herring Prospectus

6. 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 *"offer Structure"* beginning on page 276 of this Draft Red Herring Prospectus

7. Except as disclosed in the chapter titled *"Capital Structure", "Our Promoters and Promoter Group", "Our Management", "Our Group Companies" and "Related Party Transactions"* beginning on pages 78, 178, 167, 184, and 197 respectively, of this Draft Red Herring Prospectus, none of our Promoters, Directors or Key Management Personnel has any interest in our Company.

8. Except as disclosed in the chapter titled *"Capital Structure"* beginning on page 78 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash

9. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only
10. Investors are advised to refer to the chapter titled *"Basis for Offer Price"* beginning on page 106 of the Draft Red Herring Prospectus.
11. There are no financing arrangements whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the Stock exchange.

## SECTION III- INTRODUCTION

## SUMMARY OF INDUSTRY

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled "Risk Factors" and "Financial Statements" and related notes beginning on page 20 and 199 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.*

### INTRODUCTION: TEXTILE INDUSTRY

The history of textiles in India dates back to around 3000 BC where the use of mordant dyes and printing blocks was prevalent. The diversity of fibres found in India, intricate weaving on its state-of the art manual looms and its organic dyes attracted buyers from all over the world for centuries. However, the industry faced a setback during British colonisation, when the industrial policies destroyed the innovative eco-system and left it technologically impoverished. Independent India saw the building up of textile capabilities, diversification of the product base, and the emergence of the industry, once again, as an important global player.

The Indian textiles and apparels industry is one of the oldest industries in India having evolved impressively from a domestic small scale industry to one of the largest in the world with a massive raw material and textiles manufacturing base. It is also one of the largest and most important sectors of the Indian economy in terms of output, foreign exchange earnings and employment thus contributing greatly to the exchequer. The sector has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing. Its vast potential for creation of employment opportunities in the agricultural, industrial, organised and decentralised sectors & rural and urban areas, particularly for women and the disadvantaged is noteworthy. Thus, the growth and all round development of this sector has a direct bearing on the development of the economy.

In 2013 the Indian textile industry contributed about 14% to the Index of Industrial Production, 4% to the country's GDP and 17% to the country's export earnings. Around 8% of the total excise revenue collection is contributed by the textile industry. The industry currently estimated at around US $108 billion, is expected to reach US $ 141 billion by 2021. Given these facts and the strong backward and forward linkages of the sector with other manufacturing industries, the industry is of high focus for the Government and Industry.

*(Source: The Textile & Apparels Industry – Contributing to "Make in India" October, 2015 - The Associated Chambers of Commerce and Industry of India – www.assocham.org)*

### TEXTILE AND APPAREL INDUSTRY - OVERVIEW

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 and apparel industry in India is estimated to reach US$ 141 billion by 2021 from US$ 67 billion in 2014. 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 from US$ 40 billion in 2014. Readymade garments remain the largest contributor to total textile and apparel exports from India. In FY15 the segment had a share of 40 per cent of all textile and apparel exports. Cotton and manmade textiles were the other major contributors with shares of 31 per cent and 16 per cent, respectively.

Rising government focus and favourable policies is leading to growth in the textiles and clothing industry. Foreign direct investment (FDI) in textile sector increased to US$ 1,587.8 million in FY15 from US$ 1,424.9 million in FY14. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up gradation Fund Scheme (TUFS). To promote apparel exports, 12 locations have been approved by the government to set up apparel parks for exports. As per the 12th Five Year Plan, the Government plans to provide a budgetary support of US$ 4.25 billion to textiles. Free trade with ASEAN countries and proposed agreement with European Union will also help boost exports.

*(Source: Indian Textiles and Apparel Industry Analysis, India Brand Equity Foundation www.ibef.org)*

## GLOBAL ECONOMIC ENVIRONMENT

### INTRODUCTION

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

At the same time, the upcoming Budget and 2016-17 (FY-2017) economic policy more broadly, will have to contend with an unusually challenging and weak external environment. Although the major international institutions are yet again predicting that global growth will increase from its current subdued level, they assess that risks remain tilted to the downside. This uncertain and fragile outlook will complicate the task of economic management for India.

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

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

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

In either case, foreign demand is likely to be weak, forcing India—in the short run—to find and activate domestic sources of demand to prevent the growth momentum from weakening. At the very least, a tail risk event would require Indian monetary and fiscal policy not to add to the

deflationary impulses from abroad. The consolation would be that weaker oil and commodity prices would help keep inflation and the twin deficits in check.

*(Source: Economic Survey 2015-16-Volume I; www.indiabudget.nic.in)*

## GLOBAL ECONOMIC OVERVIEW

The global macroeconomic landscape is currently chartering a rough and uncertain terrain characterized by weak growth of world output. The situation has been exacerbated by; (i) declining prices of a number of commodities, with reduction in crude oil prices being the most visible of them, (ii) turbulent financial markets (more so equity markets), and (iii) volatile exchange rates. These conditions reflect extreme risk-aversion behaviour of global investors, thus putting many, and in particular, commodities exporting economies under considerable stress.

One important positive outcome in 2015 is the modest pickup in the growth of some of the advanced economies. However, growth in emerging market and developing economies declined for the fifth consecutive year. As a result, overall global economic activity remained subdued in 2015. In its latest Update of the World Economic Outlook (WEO), published on 19 January 2016, the IMF projected growth in the global economy to improve from 3.1 per cent in 2015, to 3.4 per cent in 2016 and further to 3.6 per cent in 2017. Growth in advanced economies is projected at 2.1 per cent in 2016 and to continue through 2017 at the same rate.

The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large Emerging Market and Developing economies (EMDE) are likely to continue to weigh on their growth prospects in 2016–17. Assessments indicate that mixed inflation developments in the EMDEs reflect the conflicting implications of weak domestic demand and lower commodity prices versus marked currency depreciations over the past year. The WEO update also indicated that India and the rest of emerging Asia are bright spots, with some other countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness. World trade volume growth projections have been placed at 2.6 per cent and 3.4 per cent respectively for 2015 and 2016, which is much lower than what was estimated earlier in WEO in October 2015.

*(Source: Economic Survey 2015-16-Volume II; www.indiabudget.nic.in)*

## REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY

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

- Even as real growth has been accelerating, nominal growth has been falling, to historically low levels, an unusual trend highlighted in the Mid-Year Economic Analysis (MYEA), 2015-16.
- According to the Advance Estimates, nominal GDP (GVA) is likely to increase by just 8.6 (6.8) percent in 2015-16.
- In nominal terms, construction is expected to stagnate, while even the dynamic sectors of trade and finance are projected to grow by only 7 to 73/4 percent.
- Inflation remains under control The CPI-New Series inflation has fluctuated around 51/2 percent, while measures of underlying trends—core inflation, rural wage growth and minimum support price increases—have similarly remained muted. Meanwhile, the WPI has been in negative territory since November 2014, the result of the large falls in international commodity prices, especially oil. As low inflation has taken hold and

confidence in price stability has improved, gold imports have largely stabilized, notwithstanding the end of a period of import controls

- Similarly, the external position appears robust. The current account deficit has declined and is at comfortable levels; foreign exchange reserves have risen to US$351.5 billion in early February 2016, and are well above standard norms for reserve adequacy; net FDI inflows have grown from US$21.9 billion in April-December 2014-15 to US$27.7 billion in the same period of 2015-16; and the nominal value of the rupee, measured against a basket of currencies, has been steady. India was consequently well-positioned to absorb the volatility from the U.S. Federal Reserve actions to normalize monetary policy that occurred in December 2015. Although the rupee has declined against the dollar, it has strengthened against the currencies of its other trading partners.
- The fiscal sector registered three striking successes: on-going fiscal consolidation, improved indirect tax collection efficiency; and an improvement in the quality of spending at all levels of government.
- Government tax revenues are expected to be higher than budgeted levels. Direct taxes grew by 10.7 per cent in the first 9 months (9M) of 2015-16. Indirect taxes were also buoyant. In part, this reflected excise taxes on diesel and petrol and an increase in the Swachh Bharat cess. The central excise duty collection from petroleum products during April to December 2015-16 recorded a growth of 90.5 per cent and stood at Rs.1.3 lakh crore as against Rs. 0.7 lakh crore in the same period last year. Tax performance also reflected an improvement in tax administration because revenues increased even after stripping out the additional revenue measures (ARMs). Indirect tax revenues grew by 10.7 per cent (without ARMs) and 34.2 per cent (with ARMs).
- The main findings are that a welcome shift in the quality of spending has occurred from revenue to investment, and towards social sectors. Aggregate public investment has increased by about 0.6 per cent of GDP in the first 8 months of this fiscal year, with contributions from both the Centre (54 per cent) and states (46 per cent).

*(Source: Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)*

## OUTLOOK FOR GROWTH

Real GDP growth for 2015-16 is expected to be in the 7 to $7^{3/4}$range, reflecting various and largely offsetting developments on the demand and supply sides of the Indian economy. Before analysing these factors, however, it is important to step back and note one important point. India's long-run potential GDP growth is substantial, about 8-10 percent. But its actual growth in the short run will also depend upon global growth and demand. After all, India's exports of manufactured goods and services now constitute about 18 percent of GDP, up from about 11 percent a decade ago.

Reflecting India's growing globalization, the correlation between India's growth rate and that of the world has risen sharply to reasonably high levels. For the period 1991-2002 this correlation was 0.2. Since then, the correlation has doubled to 0.42. In other words, a 1 percentage point decrease in the world growth rate is now associated with a 0.42 percentage point decrease in Indian growth rates.

Accordingly, if the world economy remains weak, India's growth will face considerable headwinds. For example, if the world continues to grow at close to 3 percent over the next few years rather than returning to the buoyant 4-4½ per cent recorded during 2003-2011, India's medium-term growth trajectory could well remain closer to 7-7½ per cent, notwithstanding the government's reform initiatives, rather than rise to the 8-10 per cent that its long-run potential suggests. In other words, in the current global environment, there needs to be a recalibration of growth expectations and consequently of the standards of assessment.

Turning to the outlook for 2016-17, we need to examine each of the components of aggregate demand: exports, consumption, private investment and government.

- To measure the demand for India's exports, we calculate a proxy-weighted average GDP growth rate of India's export partners. The weights are the shares of partner countries in India's exports of goods and services. We find that this proxy for export demand growth declined from 3.0 percent in 2014 to 2.7 per cent in 2015, which helps explain the deceleration in India's non-oil exports, although the severity of the slowdown—in fact, a decline in export volume—went beyond adverse external developments. Current projections by the IMF indicate that trading partner growth this demand will improve marginally this year to about 2.8 percent. But the considerable downside risks suggest that it would be prudent not to count on a big contribution to GDP growth from improving export performance.
- On the domestic side, two factors could boost consumption. If and to the extent that the Seventh Pay Commission (7th PC) is implemented, increased spending from higher wages and allowances of government workers will start flowing through the economy. If, in addition, the monsoon returns to normal, agricultural incomes will improve, with attendant gains for rural consumption, which over the past two years of weak rains has remained depressed.
- Against this, the disappearance of much of last year's oil windfall would work to reduce consumption growth. Current prospects suggest that oil prices (Indian crude basket) might average US$ 35 per barrel next fiscal year compared with US$ 45 per barrel in 2015-16. The resulting income gain would amount roughly equivalent to 1 percentage point of GDP – an 18 per cent price decline times a share of net oil imports in GDP of 6 percent. But this would be half the size of last year's gain, so consumption growth would slow on this account next year.
- According to analysis done by Credit Suisse, (non-financial) corporate sector profitability has remained weak, falling by 1 percent in the year to December 2015.This decline reflected a sharp deterioration in the financial health of the metals—primarily steel—companies, which have now joined the ranks of companies under severe financial stress. As a result, the proportion of corporate debt owed by stressed companies, defined as those whose earnings are insufficient to cover their interest obligations, has increased to 41 percent in December 2015, compared to 35 percent in December 2014.3 In response to this stress, companies have once again been compelled to curb their capital expenditures substantially.
- Finally, the path for fiscal consolidation will determine the demand for domestic output from government. The magnitude of the drag on demand and output will be largely equal to the size of consolidation, assuming a multiplier of about 1.
- There are three significant downside risks. Turmoil in the global economy could worsen the outlook for exports and tighter financial conditions significantly. Second, if contrary to expectations oil prices rise more than anticipated, this would increase the drag from consumption, both directly, and owing to reduced prospects for monetary easing. Finally, the most serious risk is a combination of the above two factors. This could arise if oil markets are dominated by supply-related factors such as agreements to restrict output by the major producers.
- The one significant upside possibility is a good monsoon. This would increase rural consumption and, to the extent that it dampens price pressures, open up further space for monetary easing.
- Putting these factors together, we expect real GDP growth to be in the 7 to 7 $^{3/4}$ per cent range, with downside risks because of on-going developments in the world economy. The wider range in the forecast this time reflects the range of possibilities for exogenous developments, from a rebound in agriculture to a full-fledged international crisis; it also

reflects uncertainty arising from the divergence between growth in nominal and real aggregates of economic activity.

*(Source: Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)*

## INDIA'S INCREASING IMPORTANCE TO GLOBAL GROWTH

Despite global headwinds and a truant monsoon, India registered robust growth of 7.2 per cent in 2014-15 and 7.6 per cent in 2015-16, thus becoming the fastest growing major economy in the world. As per the estimates of the International Monetary Fund (IMF), global growth averaged 3.1 per cent in 2015, declining from 3.4 per cent registered in 2014. While growth in advanced economies has improved modestly since 2013, the emerging economies have witnessed a consistently declining trend in growth rate since 2010. It is against this background that the recent Indian growth story appears particularly bright.

India has made striking progress in its contribution to the global growth of Gross Domestic Product (GDP) in Purchasing Power Parity (PPP) terms. PPP represents the number of units of a country's currency required to purchase the same amount of goods and services in the domestic market as the US dollar would purchase in the United States, thus adjusting for purchasing power differentials between currencies in relevant markets. India's contribution to global growth in PPP terms increased from an average of 8.3 per cent during the period 2001 to 2007 to 14.4 per cent in 2014. During the 1990s, the US's contribution to the global GDP growth in PPP terms was, on an average, around 16 percentage points higher than India's. The picture changed dramatically in 2013 and 2014 when India's contribution was higher than that of the US by 2.2 and 2.7 percentage points respectively. During 1991-2014, low growth in Japan (0.9 per cent annually) resulted in its low contribution (1.5 per cent) to global growth. India and China constitute 42.5 per cent and 53.2 per cent respectively of the total PPP measure of the lower-middle income countries and upper-middle income countries; and hence those country groups largely reflect India's and China's patterns.

The global economy—in particular the global growth powerhouse, China—is rebalancing, leading to an increasing role for India. After the onset of the multiple crises in different parts of the world, India's contribution has become much more valuable to the global economy.

India's share in world GDP has increased from an average of 4.8 per cent during 2001-07 to 6.1 per cent during 2008-13 and further to an average of 7.0 per cent during 2014 to 2015 in current PPP terms (IMF). India's resilience and current levels of reasonably strong growth should, thus, be appreciated in the light of its increasing contribution to global growth.

*(Source: Economic Survey 2015-16-Volume II, www.indiabudget.nic.in)*

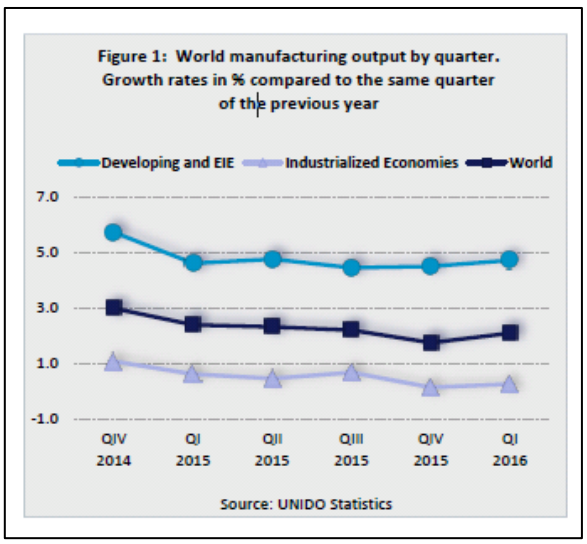
## GLOBAL MANUFACTURING SECTOR

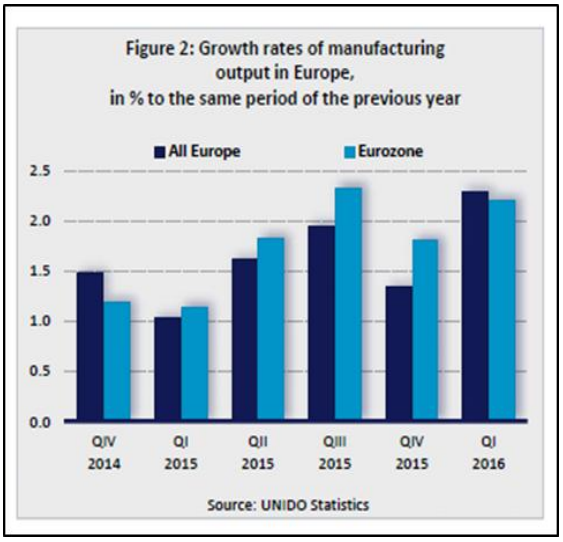
### World manufacturing growth in the first quarter of 2016

World manufacturing growth continued to be sluggish in the first quarter of 2016 due to the fragile recovery process in industrialized economies and significantly weakened growth prospects in developing and emerging industrial economies. China, which has emerged as the largest global manufacturer in the aftermath of the protracted economic crisis, has entered a transition period and has adopted a more balanced pace, thus pushing the average industrial growth of emerging industrial economies downward. World manufacturing growth has also been affected by the generally lower growth pace in the United States and Japan, the second and third largest manufacturers in the world. Increasing pressure associated with financial volatility and falling oil prices has contributed to the instability of manufacturing growth in industrialized economies.

Despite the protracted period of low growth in industrialized as well as in developing and emerging economies, there is no sign of an imminent recession in global industrial production. World manufacturing output rose by 2.1 per cent in the first quarter of 2016 compared to the same period of the previous year, which is slightly higher than 1.8 per cent growth estimated for the last quarter of 2015. The production of durable goods, motor vehicles and consumer

electronics is rising in industrialized and in developing economies. These positive growth trends were observed across country groups (Figure 1).




Industrialized economies marginally increased their quarterly growth rate in the first quarter of 2016 to 0.3 per cent from 0.2 per cent in the previous quarter. Some improvement in growth performance was observed in Europe, where manufacturing output rose by 2.3 per cent in the first quarter of 2016 compared to the same period of the previous year. The growth of manufacturing output slightly increased in North America in the first quarter of 2016, but was still below 1.0 per cent. East Asia experienced a major blow, with manufacturing output dropping by nearly 3.0 per cent in the first quarter of 2016. Production decline was reported in two of East Asia's major manufactures, Japan and the Republic of Korea. Japan's yen began rising against other major currencies against the backdrop of an increased trade balance due to an earlier export surge, which has adversely affected manufacturing production in recent months. Production decline in East Asia had a negative impact on the manufacturing growth of industrialized countries as a whole.

Manufacturing growth in developing and emerging industrial economies remains weak due to a further slowdown in capital inflows from industrialized economies and a significant decline in exports. The slow recovery of industrialized economies and their dependence on external markets has exposed domestic structural problems in developing and emerging industrial economies, which have now been further compounded due to falling oil prices, compression of demand in domestic markets and high fluctuation in commodity prices. The downward trend of net capital inflows to developing economies continued, while exports from developing economies dropped by 13.0 per cent in 2015 (UNCTAD).

Despite the prolonged period of weak growth, developing and emerging industrial economies contributed around 90.0 per cent of global manufacturing growth in the first quarter of 2016. Manufacturing output in developing and emerging industrial economies increased by 4.7 per cent in the first quarter, slightly higher than in the previous quarter (4.5 per cent). As depicted in Figure 1, the pace of growth in both country groups exhibit similar trends but the level of growth has been consistently higher in developing and emerging industrial economies than in industrialized countries. However, growth performance varied considerably among the regions. While Asian economies persevered, manufacturing output dropped in Africa and Latin America. Manufacturing output declined in Egypt and South Africa in the first quarter of 2016. Similarly, a sharp plunge in production was observed in Brazil as a result of overall economic recession.

## Findings by industry group

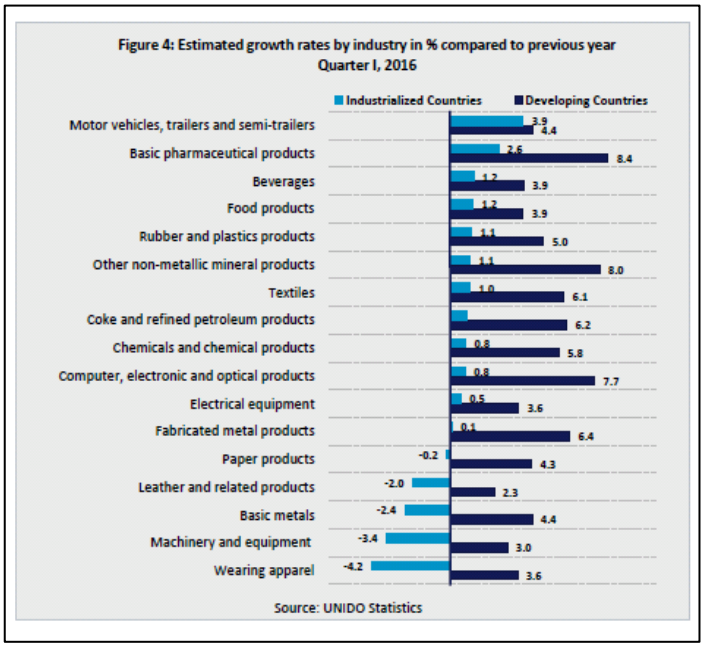
Global manufacturing production maintained a positive growth in nearly all industries in the first quarter of 2016. However, against the backdrop of falling investment in capital goods, the production of machinery and equipment declined by 1.1 per cent worldwide. The biggest loss was recorded by the tobacco industry, with worldwide production declining by 3.4 per cent. By contrast, the production of pharmaceutical products rose by 4.8 per cent. Among other fast growing industries, the production of textiles rose by 4.9 per cent and motor vehicles by 4.1 per cent.

Disaggregated data by industrialized and developing economies show that industrialized countries performed relatively well in the production of high-technology industries such as pharmaceutical products, motor vehicles, chemicals and electronics. The fastest growing industry in industrialized economies was the production of motor vehicles which rose by 3.9 per cent in the first quarter of 2016. Among them, vehicle production in Canada rose by 11.8 per cent, by 9.4 per cent in Italy and by 7.1 per cent in France. However, in Japan the production of motor vehicles fell by 5.3 per cent.

In general, the growth performance of developing and emerging industrial economies was far better in nearly all manufacturing industries, including several high-technology industries. The production of pharmaceutical products in developing and emerging industrial economies rose by the highest rate of 8.4 per cent. A significant contribution to the growth of pharmaceutical products was made by African countries, namely Egypt and Senegal.

As shown in the Figure 4, developing economies maintained a relatively higher growth rate in the production of basic consumer goods. The manufacture of food products rose by 3.9 per cent, textile by 6.1 per cent and wearing apparel by 3.6 per cent. The most significant growth rate among developing economies in the production of wearing apparel was observed in Turkey at 12.2 per cent in the first quarter of 2016. The production of other consumer goods rose at a higher rate in developing and emerging industrial economies. Among other industries, the production of chemicals and chemical products grew by 5.8 per cent and basic metals by 4.4 per cent.

The growth rates for selected industries are presented below.




The production of electronic and optical products registered one of the highest growth figures at 7.7 per cent in developing and emerging industrial economies. Similarly, the manufacture of other non-metallic mineral products that essentially supply construction materials rose by nearly 8.0 per cent.

Additional statistics on the growth rates in the first quarter of 2016 are available in the Statistical Tables.

*(Source: World Manufacturing Production- Statistics for Quarter I, 2016; United Nations Industrial Development Organisation - www.unido.org)*

## INDIAN MANUFACTURING SECTOR

### Introduction

The Prime Minister of India, Mr Narendra Modi, has launched the 'Make in India' initiative to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. The Government of India has set an ambitious target of increasing the contribution of manufacturing output to 25 per cent of Gross Domestic Product (GDP) by 2025, from 16 per cent currently.

### Market Size

India's manufacturing sector could touch US$ 1 trillion by 2025. There is potential for the sector to account for 25-30 per cent of the country's GDP and create up to 90 million domestic jobs by 2025. Business conditions in the Indian manufacturing sector continue to remain positive.

In November 2015, the seasonally adjusted Nikkei India Manufacturing Purchasing Managers' Index (PMI) stood at 50.3, which indicated expansion for twenty-fifth consecutive month. The services PMI was at 50.1 points in November 2015.

### Investments

In a major boost to the 'Make in India' initiative, the Government of India has received investment proposals of over US$ 3.05 billion till end of August 2015 from various companies.

India has become one of the most attractive destinations for investments in the manufacturing sector. Some of the major investments and developments in this sector in the recent past are:

- Canada's Magna International Incorporated has started production at two facilities in Gujarat's Sanand, which will supply auto parts to Ford Motor Co in India and will employ around 600 people at both units.
- Swedish home furnishing brand Ikea has made a long-term plan of opening 25 stores in India by making an investment worth Rs 12,500 crore (US$ 1.9 billion).
- Siemens has announced that it will invest € 1 billion (US$ 1.13 billion) in India to add 4,000 jobs to its existing workforce of 16,000 in the country.
- US-based First Solar Inc and China's Trina Solar have plans to set up manufacturing facilities in India. Clean energy investments in India increased to US$ 7.9 billion in 2014, helping the country maintain its position as the seventh largest clean energy investor in the world.
- Samsung Electronics has invested Rs 517 crore (US$ 77.82 million) towards the expansion of its manufacturing plant in Noida, Uttar Pradesh (UP). "Samsung India Electronics is committed to strengthen its manufacturing infrastructure and will gradually expand capacity at this plant to meet the growing domestic demand for mobile handsets, as per the company.
- Shantha Biotechnics Private Limited has started building a facility to manufacture Insuman, an insulin product to treat diabetes. Sanofi SA, which acquired Shantha Biotechnics, will invest Rs 460 crore (US$ 69.24 million) to build the facility.
- BMW and Mercedes-Benz have intensified their localisation efforts to be part of 'Make in India' initiative. "The localisation efforts will reduce the waiting period and accelerate the servicing process of our cars as we had to (previously) depend on our plants overseas for supply and will help us on the pricing front."
- Suzuki Motor Corp plans to make automobiles for Africa, the company's next big bet, as well as for India at its upcoming factory in Hansalpur, near Ahmedabad, Gujarat.

- Taiwan-based HTC has decided to manufacture products in India. HTC is believed to have partnered GDN Enterprises, which has an assembly set up in Noida.
- Foxconn is planning an aggressive expansion in India, building up to 12 new factories and employing as many as one million workers by 2020
- The State Government of Tamil Nadu has signed investment agreements worth Rs 2, 42,160 crore (US$ 36.45 billion) during a two-day Global Investors Meet in September 2015.

**Government Initiatives**

In a bid to push the 'Make in India' initiative to the global level, Mr Narendra Modi, Prime Minister of India, pitched India as a manufacturing destination at the World International Fair in Germany's Hannover earlier this year. Mr Modi showcased India as a business friendly destination to attract foreign businesses to invest and manufacture in the country.

The Government of India has taken several initiatives to promote a healthy environment for the growth of manufacturing sector in the country. Some of the notable initiatives and developments are:

- The Government plans to organise a 'Make in India week' in Mumbai between February 13-18, 2016 to boost the 'Make in India' initiative and expects 1,000 companies from 10 key sectors to participate in the exhibition of innovative products and processes, a hackathon and sessions on urban planning, among other events.
- The National Institution for Transforming India Aayog (NITI Aayog) plans to release a blueprint for various technological interventions which need to be incorporated by the Indian manufacturing economy, with a view to have a sustainable edge over competing neighbours like Bangladesh and Vietnam over the long term.
- Ms Nirmala Sitharaman, Minister of State (Independent Charge) for Commerce and Industry, has launched the Technology Acquisition and Development Fund (TADF) under the National Manufacturing Policy (NMP) to facilitate acquisition of Clean, Green and Energy Efficient Technologies, by Micro, Small & Medium Enterprises (MSMEs).
- The Government of India has asked New Delhi's envoys in over 160 countries to focus on economic diplomacy to help government attract investment and transform the 'Make in India' campaign a success to boost growth during the annual heads of mission's conference. Prime Minister, Mr Modi has also utilised the opportunity to brief New Delhi's envoys about the Government's Foreign Policy priority and immediate focus on restoring confidence of foreign investors and augmenting foreign capital inflow to increase growth in manufacturing sector.
- The Government of Uttar Pradesh (UP) has secured investment deals valued at Rs 5,000 crore (US$ 752.58 million) for setting up mobile manufacturing units in the state.
- The Government of Maharashtra has cleared land allotment for 130 industrial units across the state with an investment of Rs 6,266 crore (US$ 943.13 million)
- Dr Jitendra Singh, Union Minister of State (Independent Charge) of the Ministry of Development of North Eastern Region (DoNER), MoS PMO, Personnel, Public Grievances & Pensions, Atomic Energy and Space, Government of India, has announced the 'Make in Northeast' initiative beginning with a comprehensive tourism plan for the region.
- Government of India has planned to invest US$ 10 billion in two semiconductor plants in order to facilitate electronics manufacturing in the country.
- Entrepreneurs of small-scale businesses in India will soon be able to avail loans under Pradhan Mantri MUDRA Yojana (PMMY). The three products available under the PMMY include: Shishu - covering loans up to Rs 50,000 (US$ 752), Kishor - covering loans between Rs 50,000 (US$ 752) to Rs 0.5 million (US$ 7,520), and Tarun- covering loans between Rs 0.5 million (US$ 7,520) and Rs 1 million (US$ 15,052).

**Road Ahead**

The Government of India has an ambitious plan to locally manufacture as many as 181 products. The move could help infrastructure sectors such as power, oil and gas, and automobile manufacturing that require large capital expenditure and revive the Rs 1,85,000 crore (US$ 28.42 billion) Indian capital goods business.

India is an attractive hub for foreign investments in the manufacturing sector. Several mobile phone, luxury and automobile brands, among others, have set up or are looking to establish their manufacturing bases in the country.

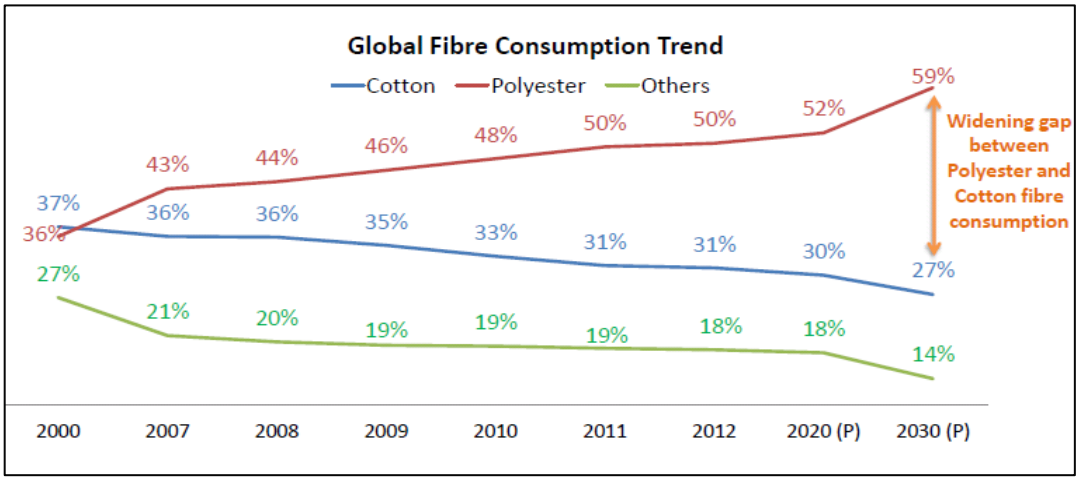
With impetus on developing industrial corridors and smart cities, the government aims to ensure holistic development of the nation. The corridors would further assist in integrating, monitoring and developing a conducive environment for the industrial development and will promote advance practices in manufacturing.

Exchange Rate Used: INR 1 = US$ 0.015 as on December 17, 2015

*References: Media Reports, Press Releases, Press Information Bureau, McKinsey & Company*
*(Source: Manufacturing sector in India, India Brand Equity Foundation www.ibef.org)*

## FIBRE SECTOR OF TEXTILE INDUSTRY

### Global Fibre Consumption Trend

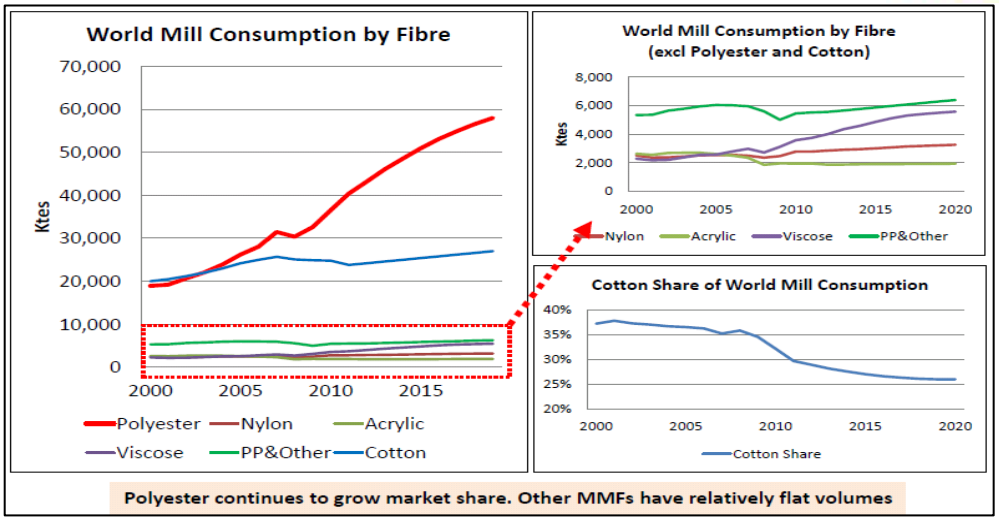



- Globally, Consumption of polyester will increase further.
- Till 2000, fibre consumption at global level was majorly cotton focussed.
- By 2030, it is expected that consumption of polyester will be more than double to that of the cotton fibre.

*(Source: Future of Indian MMF Based Textiles Industry, Wazir Advisors - www.wazir.in)*

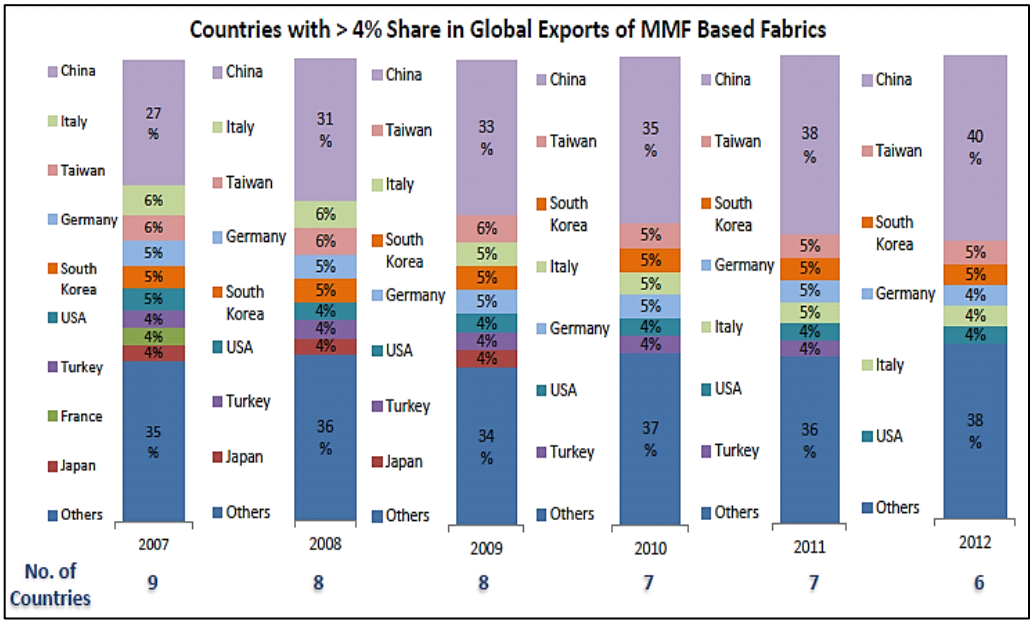
### Growth Areas

Globally, manmade fibre consumption is growing & will continue to grow further, which can be depicted as follows:




*(Source: Future of Indian MMF Based Textiles Industry, Wazir Advisors - [www.wazir.in](http://www.wazir.in))*

**Global Leaders In Man-Made Fibres Based Fabric**




- Top ten exporters of MMF based fabrics constituted 75% of world's total trade in 2012.
- China has over dominance in the exports of MMF based fabrics with 40% share followed by Taiwan having export value only one eighth of China.

*(Source: Future of Indian MMF Based Textiles Industry, Wazir Advisors - [www.wazir.in](http://www.wazir.in))*

## INDIAN TEXTILES INDUSTRY

### Introduction

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The industry realised export earnings worth US$ 41.4 billion in 2014-15, a growth of 5.4 per cent, as per The Cotton Textiles Export Promotion Council (Texprocil). 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 Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. 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 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.

**Market Size**

The Indian textiles industry, currently estimated at around US$ 108 billion, is expected to reach US$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to India's gross domestic product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The Indian textile industry has the potential to reach US$ 500 billion in size according to a study by Wazir Advisors and PCI Xylenes & Polyester. The growth implies domestic sales to rise to US$ 315 billion from currently US$ 68 billion. At the same time, exports are implied to increase to US$ 185 billion from approximately US$ 41 billion currently.

**Investments**

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US$ 1.77 billion during April 2000 to September 2015.
Some of the major investments in the Indian textiles industry are as follows:

- Reliance Industries Ltd (RIL) plans to enter into a joint venture (JV) with China-based Shandong Ruyi Science and Technology Group Co. The JV will leverage RIL's existing textile business and distribution network in India and Ruyi's state-of-the-art technology and its global reach.
- Giving Indian sarees a 'green' touch, Dupont has joined hands with RIL and Vipul Sarees for use of its renewable fibre product Sorona to make an 'environment-friendly' version of this ethnic ladies wear.
- Grasim Industries has invested Rs 100 crore (US$ 15 million) to develop its first fabric brand, Liva', which it will distribute through 1,000 outlets as part of a plan to stay in sync with changing consumer behaviour.
- Snapdeal has partnered with India Post to jointly work on bringing thousands of weavers and artisans from Varanasi through its website. "This is an endeavour by Snapdeal and India Post to empower local artisans, small and medium entrepreneurs to sustain their livelihood by providing a platform to popularise their indigenous products," said Mr Kunal Bahl, CEO and Co-Founder, Snapdeal.
- Welspun India Ltd (WIL), part of the Welspun Group has unveiled its new spinning facility at Anjar, Gujarat - the largest under one roof in India. The expansion project reflects the ethos of the Government of Gujarat's recent 'Farm-Factory-Fabric-Fashion-Foreign' Textile Policy, which is aimed at strengthening the entire textile value-chain.
- American casual fashion retailer Aéropostale, Inc. has inked a licensing agreement with Arvind Lifestyle Brands Ltd to open standalone stores in the country. Aéropostale will open 30 stores and 25 shop-in-shop locations over the next three years.

**Government Initiatives**

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Some of initiatives taken by the government to further promote the industry are as under:

- The Government of India has started promotion of its 'India Handloom' initiative on social media like Facebook, Twitter and Instagram with a view to connect with customers, especially youth, in order to promote high quality handloom products.
- The Ministry of Textiles launched Technology Mission on Technical Textiles (TMTT) with two mini-missions for a period of five years (from 2010-11 to 2011-12 in the 11th five year plan and 2012-13 to 2014-15 in 12th five year plan) with a total fund outlay of Rs 200 crore (US$ 30 million). The objective of TMTT is to promote technical textiles by helping to develop world class testing facilities at eight Centres of Excellence across India, promoting indigenous development of prototypes, providing support for domestic and export market development and encouraging contract research.
- The Government of India is expected to soon announce a new National Textiles Policy. The new policy aims at creating 35 million new jobs by way of increased investments by foreign companies, as per Textiles Secretary Mr S K Panda.
- Subsidies on machinery and infrastructure:
  - The Revised Restructured Technology Up gradation Fund Scheme (RRTUFS) covers manufacturing of major machinery for technical textiles for 5 per cent interest reimbursement and 10 per cent capital subsidy in addition to 5 per cent interest reimbursement also provided to the specified technical textile machinery under RRTUFS.
  - Under the Scheme for Integrated Textile Parks (SITP), the Government of India provides assistance for creation of infrastructure in the parks to the extent of 40 per cent with a limit up to Rs 40 crore (US$ 6 million). Under this scheme the technical textile units can also avail its benefits.
  - The major machinery for production of technical textiles receives a concessional customs duty list of 5 per cent.
  - Specified technical textile products are covered under Focus Product Scheme. Under this scheme, exports of these products are entitled for duty credit scrip equivalent to 2 per cent of freight on board (FOB) value of exports
- The Government of India has implemented several export promotion measures such as Focus Market Scheme, Focus Product Scheme and Market Linked Focus Product Scheme for increasing share of India's textile exports.
- Under the Market Access Initiative (MAI) Scheme, financial assistance is provided for export promotion activities on focus countries and focus product countries.
- Under the Market Development Assistance (MDA) Scheme, financial assistance is provided for a range of export promotion activities implemented by Textiles Export Promotion Councils.
- The government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 sea ports resulting in faster clearance of import and export cargo.
- The Ministry of Textiles has approved a 'Scheme for promoting usage of geotechnical textiles in North East Region (NER)' in order to capitalise on the benefits of geotechnical textiles. The scheme has been approved with a financial outlay of Rs 427 crore (US$ 64.1 million) for five years from 2014-15.
- A Memorandum of Understanding (MoU) has been signed between India and Kyrgyzstan seeking to strengthen bilateral cooperation in three fields -Textiles and Clothing, Silk and Sericulture, Fashion

**Road Ahead**

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The

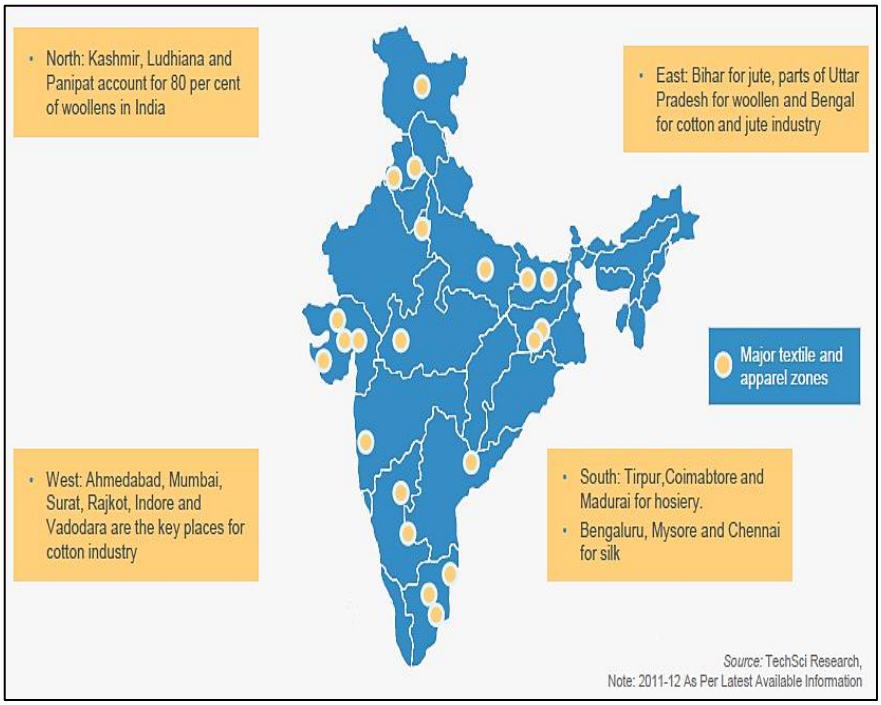
organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

**Exchange Rate Used:** INR 1 = US$ 0.015 as on December 17, 2015

**References:** *Ministry of Textiles, Indian Textile Journal, Department of Industrial Policy and Promotion, Press Information Bureau*

*(Source: Indian Textile Industry, India Brand Equity Foundation www.ibef.org)*

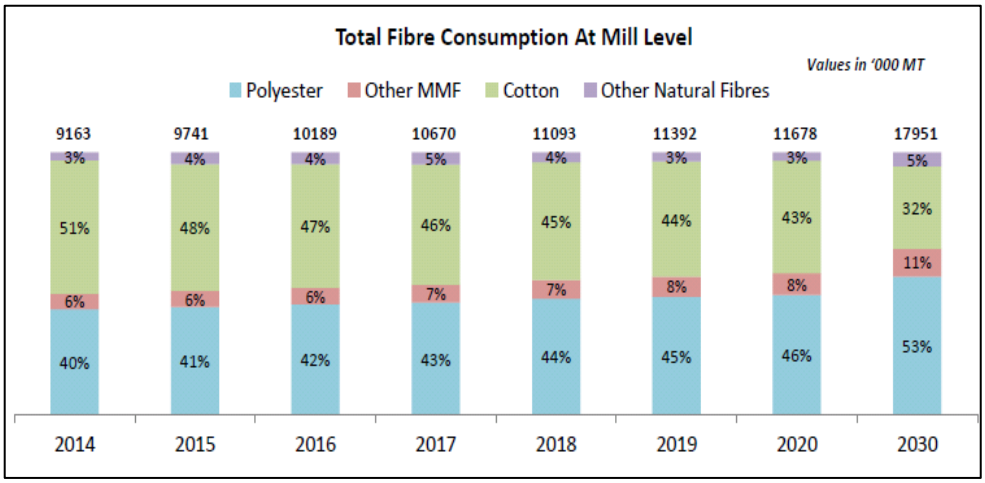
## KEY TEXTILES AND APPAREL ZONES IN INDIA




*(Source: Textile and Apparel Report January 2016 - India Brand Equity Foundation www.ibef.org)*

## DEMAND DRIVERS

Indian textile industry will consume more polyester than cotton within next five years as depicted below:



- Share of manmade fibre in total mill consumption is expected to reach ~65% by 2030. However, the share of cotton is expected to decrease from current level of ~55% to 32% by 2030.
- A drastic change is expected in the mill consumption of polyester fibre, share of which is projected to grow to 53% (9,455,000MT) by 2030.

*(Source: Future of Indian MMF Based Textiles Industry, Wazir Advisors - www.wazir.in)*

## STRUCTURE OF INDIAN TEXTILE INDUSTRY

The Indian textile industry mostly comprises small-scale, non-integrated spinning, weaving and knitting, fabric finishing, and apparel-making enterprises. Other textile-producing countries mainly have large scale mills with modern technology and machinery, that integrate spinning, weaving and, sometimes, fabric finishing. This unique industry structure in India is primarily a result of government policies on tax, labour and other regulations that have promoted labour-intensive, small-scale operations often discriminating against larger scale firms.

**Composite Mills:** Relatively large-scale mills that integrate spinning, weaving and, sometimes, fabric finishing now account for about only 3 percent of output in the textile sector in India. About 276 composite mills are now operating in India, most owned by the public sector and many deemed financially "sick."

**Spinning:** Spinning is the process of converting cotton or manmade fibre into yarn to be used for weaving and knitting. Largely due to deregulation that began in the mid-1980s, spinning is to date considered the most consolidated and technically efficient segment of the industry. However average plant sizes remain small and technology is out-dated, relative to other major producers.

**Weaving and Knitting:** Weaving and knitting converts cotton, manmade, or blended yarns into woven or knitted fabrics. This segment is highly unorganised with mostly small-scale and labour-intensive enterprises. The organised sector contributes only 5% of the total production. The segment has about 3.9 million hand looms and 1.8 million power-looms in India.

**Fabric Finishing:** Fabric finishing also called processing includes dyeing, printing, and other cloth preparation prior to the manufacture of apparels. This segment is dominated by a large number of independent, small scale enterprises. Overall, about 2,300 processors are operating in India, including about 2,100 independent units and 200 units that are integrated with spinning, weaving, or knitting units.

**Apparels:** Apparels are produced by about 77,000 small-scale units classified as domestic manufacturers, manufacturer exporters, and fabricators (subcontractors). According to a report by Wazir Advisors, the size of the Indian apparel market in 2012 was $ 45 billion. The report estimates India and China to be the fastest growing markets, growing in double digits and becoming the biggest consumer market with a mammoth share of 27% in the world's apparel market.

*(Source: The Textile & Apparels Industry – Contributing to "Make in India" October, 2015 - The Associated Chambers of Commerce and Industry of India – www.assocham.org)*

## MAN MADE FIBRES AND POLYMERS

Man-made fibres (MMF) and man-made filament yarns (MMFY) account for around 40% share of the total fibre consumption in the textile industry as a whole. These fibres form a key raw material for the technical textile industry because of their customizable properties. The key man-made fibres, filaments and polymers used as raw materials in technical textiles are: **Man-Made Fibres and Filaments –** Viscose, Polyester, Nylon, Acrylic/Mod acrylic, Polypropylene and **Polymers –** HDPE, LLDPE, LDPE, PVC

India ranks among one of the world's largest producers of MMF and MMFY, with production of 1284.64 million kg and 1549.80 million kg in 2010-11, respectively. While production of MMF and MMFY registered growth of 1.31% and 1.78%, respectively, over the previous year alone,

the last decade has witnessed a steady increase in production and consumption of major synthetic fibres and polymers, resulting in a fair degree of self sufficiency in the domestic MMF and MMFY markets.

Technical Textiles are manufactured from a variety of fibres and filaments based on the desired properties of the end product. The fibres and filaments can be broadly classified as natural and man-made.

| Natural fiber | Man Made Fibres and Polymers | |
|---|---|---|
| | Synthetic fiber | High performance fiber |
| • Cotton | • Viscose | • Aramid |
| • Silk | • Polyamide | • UMHW Polyethylene |
| • Sisal | • Polyolefin | • Carbon |
| • Flax | • Flax | • Glass, etc. |
| • Wool, etc. | • Polyester, etc.. | |

*(Source: Investor Guide – Driving Growth of Technical Textiles in India Report, January, 2013 – Federation of Indian Chambers of Commerce and Industry (FICCI) - www.ficci.in)*

## MAN MADE FIBRE SECTOR OUTLOOK

Polyester dominates the world fibre consumption contributing more than half of the overall fibre consumption. The rise in share can be attributed to the growing consumption of polyester in the developing countries. On the other hand, the Indian textile industry is predominantly a cotton-based industry. However, limited area under cultivation and erratic rain affects the cotton availability.

Over a longer term view, polyester consumption is expected to pick up gradually with increase in demand for apparels, home textiles and technical textiles as the macro economic scenario recovers. The growth in apparels and home textile segments will be supported by factors such as rise in disposable income, growing consumer class, rising urbanization, increasing retail penetration and increased usage of credit cards etc.

According to CMIE manmade fibre & filament industry sales in FY15 is estimated to have declined by 3.3% on back of subdued demand and fall in realisation. Further, reduction in cotton yarn prices has affected substitution demand for man-made fibre. The operating margin of polyester companies in last couple of years have remained under pressure on account of huge capacity additions taken place in the industry and intense competitive, commoditised and fragmented nature of the industry which limits the pricing flexibility of players operating in the segment.

However, in FY16 sales are expected to increase by 10.6% (Source: CMIE) supported by increase in textile and clothing exports in FY16 (target of $47.5 billion for textile and clothing export as against $41.4 billion in FY15), increase in domestic consumption and expected increase in demand for technical textiles on back of pick up in infrastructure sector. The outlook for man-made fibre industry remains stable.

*(Source: Textile Sector Outlook – July 2015, Credit Analysis & Research Limited (CARE Ratings) www.careratings.com)*

## GROWTH DRIVERS

Factors contributing to growth of the industry and analysed in this study are:

- Rising disposable incomes and evolving lifestyles of India's prospering urban consumer, are broadening their clothing needs. Today, Indians are more inclined to buy apparels for a

specific purpose, than consumers in other markets. Family celebrations and weddings in India continue to eat up an enormous share of Indian consumers' clothing budgets.

- Rising urbanisation leads to increase in demand for new designs and fashions to match new lifestyles. The growing participation of women in the workforce is also contributing a great deal to this demand.
- Backed by the enormous capacity to absorb labour, skilled human capital to meet the growing demand is one of the important factors that will drive growth of this industry.
- India may be a major player in traditional textiles, but technical textiles as a segment is growing due to rising demand for specialised fabrics from various sectors of the economy.
- India's cotton and apparel exports are set to climb by around 10% in 2015 as higher wages, political instability and concerns about workplace conditions in other producing markets are likely to push international buyers towards Indian exporters. India has overtaken Germany and Italy to emerge as the world's second largest textile exporter but lags behind China, whose exports are nearly seven times higher.
- The proliferation of digital internet technology in India coupled with wide scale ownership of devices such as smart phones, laptops and tablets that support internet usage, have resulted in an unprecedented growth of e-commerce. As incomes rise and lifestyles change, people have little time to spare. E-commerce has provided consumers with a wide range of apparels, with just a few simple clicks, making their shopping experience easier, faster and more convenient.
- The textile industry, being one of the most significant sectors in the Indian economy, has been a key focus area for the Government of India. A number of initiatives have been taken by the Government to make the industry more competitive.

*(Source: The Textile & Apparels Industry – Contributing to "Make in India" October, 2015 - The Associated Chambers of Commerce and Industry of India – www.assocham.org)*

## SUMMARY OF BUSINESS

### COMPANY OVERVIEW

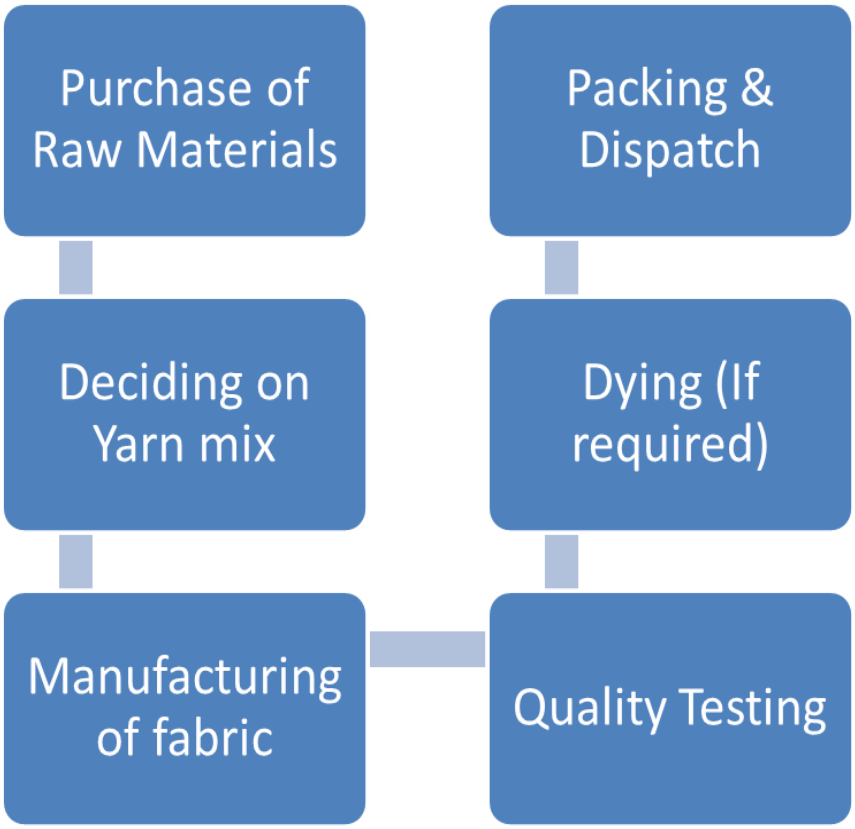
Our Company was incorporated in the year 2009 as 'Heritage Barter Private Limited'. Our promoters purchased the shares of the Company in 2010 from the erstwhile promoters. Our business from operations started by manufacturing of fabric and hosiery garments like thermal innerwear and leggings in the year 2013-14. We started taking job work assignments for knitting for Rupa Industries Limited and gradually for others. Further we also started production under our brand 'Lekme' besides undertaking job work assignments. We manufacture thermal innerwear and leggings under our own brand name of 'Lekme'

Further our Company changed its name to 'Gretex Industries Private Limited' and then converted into public company 'Gretex Industries Limited' in the year 2013.

Our product range includes production of fabric by using Interlock, Rib, Reversible, Fleece, Polyfill techniques. We also manufacture Sinker using Lycra yarns.

Our manufacturing facility is situated at Jalan Industrial Complex in Domjur Area in the district of Howrah, which is one of the oldest Industrial Complex nearby Kolkata. It is situated on the Kolkata – Mumbai Highway and is at a distance of 15 Km from Howrah.

### MANUFACTRUING PROCESS



## PURCHASE OF RAW MATERIALS

Yarns except Lycra are purchased from various suppliers domestically. We strive to make a prudent mix of quality and quantity as per the market scenario and demand in the market. Our raw materials include Cotton Yarn, Cotton and Polyester Yarn and Lycra. Lycra is mostly purchased from domestically

## DECIDING ON YARN MIX

Deciding on yarn mix is an important step in manufacturing of fabric. We decide on the basis of demand and market scenario. The amount of Lycra to be added for the desired quality and the count of yarn depends on the fabric to be manufactured. This is the most important step in manufacturing process.

## MANUFACTURING OF FABRIC (KNITTING PROCESS)

We have 25 machines used for Interlock, Rib, Fleece, Reversible and Polyfill knitting while 2 machines for manufacturing Sinker. We manufacture fabric using yarns varying in mixture of cotton, polyester and from count varying from 30 to 50 counts. Knitting machine used for Sinker is of 32 guage, 28 guage and 24 guage. It uses 102 yarns at a single point of time. Knitting machine used for other knitting varies from 13 inches to 34 inches in diameter.

## QUALITY TESTING

We undertake quality tests to ensure compliance with our quality standards with the help of fabric checking machine. Quality testing is done so as to protect our products from rejections in the market.

## DYEING & SEWING

Dyeing is done in case of fabric for leggings/T. Shirt Material. Raising and heat setting is done in case of thermal innerwear. We outsource the work of dyeing/raising and heat setting to local vendors. Sewing is outsourced to different vendors for sewing of leggings and thermal innerwear.

## PACKING & DISPATCH

We pack & dispatch the finished goods by using third party transporters. Dispatch is done as per client requirement.

## MANUFACTRUING FACILITY

Location: R.S. Dag No. 1422, 1426, 1427 and 1429, L.R. Dag No. 1472, 1476, 1477 and 1479, Jalan Complex, Gate No. 2, Mouza Baniara, J. L. No. 26, Domjur, Howrah, West Bengal.

## PRODUCT RANGE FOR MANUFACTURING

| | |
|---|---|
| Interlock knitted fabric | A knitted fabric is obtained which is characterized by situating loops of one course in every second wale, as these loops are formed on every second needle. Loops of the next course are also situated in every second wale, formed on needles that had not formed loops in the previous course. Thus loops of consecutive courses, formed in every second wale, are shifted in relation to each other by half of their height. It is used for manufacturing of T-shirts and Undergarments. It is generally manufactured from 100% cotton yarns. |
| Rib knitted fabric | Rib is made by alternating knit and purl stitches to form ridges on both sides of the fabric. Rib knit lies flat and has more stretch in the width than the length. Rib is used for manufacturing of vests. It is generally manufactured from 100% cotton yarns. |
| Fleece knitted fabric | A fabric knitted with two types of yarn. Fine yarn is on front side and course yarn on back side. In most of cases fine yarn is 100% cotton while course yarn is P/C 50:50. The fabric is sheared and is used for manufacturing of thick thermal wear. |
| Sinker knitted fabric | It is a special type of Interlock knit cloth. The stitch variation of the rib stitch, which generally resembles a double 1 x 1 ribbed fabric that is interknitted with crossed sinker wales. It is a double-sided knitted fabric with two right sides. Sinker with Lycra is used for manufacturing of leggings while Sinker without Lycra is used for manufacturing of T shirts. |
| Polyfill knitted fabric | Polyfill is the process of sewing of two or more layers of fabric together to make a thicker padded material, usually to create a quilt or quilted garment. Typically, polyfill is done with three layers: the top fabric or quilt top, batting or insulating material and backing material, but many different styles are adopted. The process of polyfill uses a needle and thread to join two or more layers of material to make a quilt. The quilter's hand or sewing machine passes the needle and thread through all layers and then brings the needle back up. The process is repeated across the entire area where polyfill is wanted. A rocking, straight or running stitch is commonly used and these stitches can be purely functional, or decorative and elaborate. polyfill is done to create bed spreads, art quilt wall hangings, clothing, and a variety of textile products. polyfill can make a project thick, or with dense polyfill, can raise one area so that another stands out. The whole process of creating a quilt or quilted garment also involves other steps such as designing, piecing, appliqué, and binding. A person who works at polyfill is termed a quilter. polyfill can be done by hand, by sewing machine, or by a specialized longarm polyfill system. Quilt stores often sell fabric, thread, patterns and other goods that are used for polyfill. They often have group sewing and polyfill classes, where one can learn how to sew or quilt and work with others to exchange skills. Quilt stores often have polyfill machines that can be rented out for use, or customers can drop off their quilts and have them professionally quilted. Polyfill knitted fabric is used for manufacturing of thin thermal wear. It is manufactured by using polyester and cotton yarns. |

## SUMMARY OF FINANCIAL STATEMENTS

## ANNEXURE – I - STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

**Rs. In Lakhs**

| S. No | Particulars | March 31, | | | | | |
|---|---|---|---|---|---|---|---|
| | | Notes No | 2016 | 2015 | 2014 | 2013 | 2012 |
| I | **EQUITY AND LIABILITIES** | | | | | | |
| 1 | **SHAREHOLDERS FUNDS** | | | | | | |
| | (a) Share Capital | 1 | 315.56 | 6.34 | 6.34 | 3.75 | 3.75 |
| | (b) Reserves And Surplus | 2 | 61.30 | 229.30 | 198.20 | 115.57 | 115.26 |
| | **TOTAL(1)** | | **376.86** | **235.64** | **204.54** | **119.32** | **119.01** |
| 2 | **NON-CURRENT LIABILITIES** | | | | | | |
| | (a) Long Term Borrowings | 3 | 116.97 | 169.00 | 178.11 | - | - |
| | (b) Deferred Tax Liabilities | 4 | 27.85 | 15.31 | 1.39 | 0.18 | 0.14 |
| | **TOTAL(2)** | | **144.82** | **184.31** | **179.51** | **0.18** | **0.14** |
| | | | | | | | |
| 3 | **CURRENT LIABILITIES** | | | | | | |
| | (a) Short Term Borrowings | 5 | 111.43 | 207.48 | 105.00 | 101.90 | - |
| | (b) Trade Payables | 6 | 28.80 | 55.62 | 1.23 | 0.27 | 0.24 |
| | ('c) Other Current Liabilities | 7 | 49.08 | 43.60 | 51.66 | 0.26 | 0.10 |
| | (d) Short Term Provisions | 8 | 16.66 | 7.34 | 0.61 | - | - |
| | TOTAL(3) | | **205.97** | **314.04** | **158.50** | **102.43** | **0.34** |
| | | | | | | | |
| | **TOTAL(1+2+3)** | | **727.65** | **733.99** | **542.55** | **221.94** | **119.49** |
| II | **ASSETS** | | | | | | |
| 1 | **NON-CURRENT ASSETS** | | | | | | |
| | (a) Fixed Assets | 9 | 436.56 | 469.13 | 444.94 | 1.70 | 3.22 |
| | (b) Long-Term Loans And Advances | 10 | 10.91 | 10.91 | 10.66 | 6.44 | - |
| | (c) Other Non-Current Assets | 11 | - | - | - | - | - |
| | **TOTAL(1)** | | **447.47** | **480.04** | **455.60** | **8.13** | **3.22** |
| 2 | **CURRENT ASSETS** | | | | | | |
| | (a) Current Investments | 12 | 69.00 | 22.05 | 22.05 | 111.65 | 81.15 |
| | (b) Inventories | 13 | 37.97 | 68.21 | 5.00 | - | - |
| | (c)Trade Receivables | 14 | 128.11 | 120.39 | 3.71 | - | - |
| | (d) Cash And Cash Equivalents | 15 | 25.67 | 19.36 | 36.34 | 3.48 | 10.26 |
| | (e) Short-Term Loans And Advances | 16 | 19.42 | 12.27 | 19.85 | 98.67 | 24.86 |
| | (f) Other Current Assets | 17 | - | 11.68 | - | - | - |
| | **TOTAL (2)** | | **280.18** | **253.95** | **86.95** | **213.80** | **116.27** |
| | | | | | | | |
| | **TOTAL (1+2)** | | **727.65** | **733.99** | **542.55** | **221.94** | **119.49** |

## ANNEXURE – II -STATEMENT OF PROFIT AND LOSS AS RESTATED

Rs. In Lakhs

| S. No | Particulars | March 31, | | | | | |
|---|---|---|---|---|---|---|---|
| | | Notes No | 2016 | 2015 | 2014 | 2013 | 2012 |
| | **Revenue From Operations** | | | | | | |
| I | Revenue From Operations | 18 | 371.93 | 388.58 | 3.83 | 10.00 | 7.20 |
| II | Other Income | 19 | 3.79 | 15.71 | 18.51 | 1.60 | 2.43 |
| | **Total Revenue (I+II)** | | **375.72** | **404.29** | **22.35** | **11.60** | **9.63** |
| III | **EXPENSES:** | | | | | | |
| a | Cost of operations: | 20 | 209.92 | 335.72 | 4.05 | - | - |
| b | Changes in inventories of finished goods work-in progress and stock-in-trade | | 30.24 | (63.21) | - | - | - |
| c | Employee benefits expenses | 21 | 18.37 | 15.59 | 0.53 | 3.42 | 3.12 |
| d | Finance costs | 22 | 20.46 | 26.17 | 5.01 | 2.11 | 0.00 |
| e | Depreciation and amortization expense | 23 | 35.89 | 34.43 | 6.88 | 1.52 | 0.72 |
| f | Other expenses | 24 | 14.01 | 13.97 | 1.28 | 4.10 | 5.32 |
| | **Total expenses** | | **328.89** | **362.67** | **17.75** | **11.16** | **9.16** |
| IV | **Profit before exceptional and** | | **46.83** | **41.62** | **4.59** | **0.45** | **0.47** |
| | **Extraordinary items and tax (iii-iv)** | | | | | | |
| V | Exceptional items | | | | | | |
| VI | **Profit before extraordinary items and tax (v-vi)** | | **46.83** | **41.62** | **4.59** | **0.45** | **0.47** |
| VII | Extraordinary items | | | | | | |
| VIII | **Profit before tax (vii-viii)** | | **46.83** | **41.62** | **4.59** | **0.45** | **0.47** |
| IX | **Tax expense** | | | | | | |
| | Current tax | | **8.92** | **7.93** | **0.87** | **0.10** | **0.09** |
| | Earlier years tax | | | | | | |
| | Deferred tax | | **12.54** | **13.91** | **1.21** | **0.04** | **0.14** |
| | Mat credit entitlement account | | **(5.85)** | **(7.93)** | **(0.87)** | **-** | **(0.09)** |
| X | **Profit(loss) for the period from** | | **31.22** | **27.71** | **3.38** | **0.31** | **0.33** |
| | **Continuing operations (vii-viii)** | | | | | | |
| XI | Profit(loss) from discontinuing operations | | | | | | |
| XII | Tax expense of discontinuing operations | | | | | | |
| XIII | Profit(loss) from discontinuing operations | | | | | | |
| | (After tax) (xii-xiii) | | | | | | |
| XIV | Income tax for earlier years | | | | | | |
| XV | **Profit (loss) for the period (xi+xiv)** | | **31.22** | **27.71** | **3.38** | **0.31** | **0.33** |
| XVI | Earning per equity share | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| a | Basic (in rupees) | 25 | **1.08** | **43.71** | **6.79** | **0.82** | **0.87** |
| b | Diluted (in rupees) | | **1.08** | **43.71** | **6.79** | **0.82** | **0.87** |

## ANNEXURE – III -STATEMENT OF CASHFLOW AS RESTATED

**Rs in Lakhs**

| Sr. No | Particulars | March 31, | | | | |
|---|---|---|---|---|---|---|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| | **Cash flow from operating activities:** | | | | | |
| | Net Profit/(Loss) before tax | 46.83 | 41.62 | 4.59 | 0.45 | 0.47 |
| | Adjustments for: | | | | | |
| | Finance Cost | 20.46 | 26.17 | 5.01 | 2.11 | 0.00 |
| | Depreciation | 35.89 | 34.43 | 6.88 | 1.52 | 0.59 |
| | Interest Income | (1.29) | (1.23) | (1.25) | (1.60) | (0.63) |
| | Preliminary Expenses | - | - | - | - | 0.13 |
| | Profit on sale of investment | - | - | (17.40) | - | - |
| | Profit on sale of office | - | - | - | - | (1.81) |
| | **Operating Profit before working capital changes** | **101.89** | **101.00** | **(2.17)** | **2.48** | **(1.24)** |
| | Increase / (Decrease) in short term borrowings | (96.05) | 102.48 | 3.10 | 101.90 | - |
| | Increase / (Decrease) in Trade Payables | (26.81) | 54.39 | 0.96 | 0.03 | (1.20) |
| | Increase / (Decrease) in Other Current Liabilities | 5.22 | 0.37 | 0.37 | 0.16 | (2.97) |
| | (Increase) / Decrease in Inventories | 30.24 | (63.21) | (5.00) | - | - |
| | (Increase) / Decrease in Trade Receivable | (7.72) | (116.68) | (3.71) | - | 0.31 |
| | (Increase) / Decrease in Short Term Loans & Advances & other current assets | 10.37 | 3.84 | 79.79 | (73.89) | (4.56) |
| | **Operating Profit after working capital changes** | **17.14** | **82.19** | **73.33** | **30.69** | **(9.66)** |
| | Less: Income Tax Paid | (0.39) | 1.20 | 0.36 | 0.03 | 0.08 |
| | **Net Cash from/ (used in) Operating Activities ( A )** | **17.53** | **80.99** | **72.97** | **30.66** | **(9.75)** |
| | **Cash Flow from Investing Activities :** | | | | | |
| | (Purchase)/ Sale of Fixed Assets | (3.32) | (55.24) | (450.12) | - | (3.81) |
| | (Purchase)/ Sale of Current Investments | (46.95) | - | 107.00 | (30.50) | 19.95 |
| | (Increase) / Decrease in Long Term Loans & Advances | - | (0.25) | (4.22) | (6.44) | - |
| | Interest Income | 1.29 | 1.23 | 1.25 | 1.60 | 0.63 |
| | Profit on sale of office | - | - | - | - | 1.81 |
| | **Net Cash from/ (used in) Investing Activities( B )** | **(48.98)** | **(54.26)** | **(346.09)** | **(35.34)** | **18.57** |
| | **Cash Flow from Financing Activities :** | | | | | |
| | Increase / (Decrease) in Long Term Borrowings | (51.77) | (17.54) | 229.15 | - | - |
| | Proceeds from Issue of shares | 110.00 | - | 81.84 | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| | Finance Cost paid | (20.46) | (26.17) | (5.01) | (2.11) | (0.00) |
| | **Net Cash from/ (used in) Financing Activities( C )** | **37.77** | **(43.71)** | **305.98** | **(2.11)** | **(0.00)** |

## THE OFFER

The following table summarizes the Issue details:

| Particulars | Details of Equity Shares |
|---|---|
| Offer | Up to [●] Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●] /- per Equity share aggregating to Rs. [●] Lakhs |
| Of Which: | |
| Fresh Issue (i) | Up to [●] Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●] /- per Equity share aggregating to Rs. [●] Lakhs |
| Offer for Sale (ii) | 9,24,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. [●]/- per Equity Share aggregating Rs. [●] lakhs |
| ***The Offer consists of:*** | |
| Market Maker Reservation Portion# | [●] Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●] /- per Equity share aggregating to Rs. [●] Lakhs |
| Net Offer to the Public | [•] Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. [•]/- per share aggregating Rs. [•] Lakhs |
| | ***Of which*** |
| | [•] Equity Shares of face value of Rs. 10/- each fully paid of the Company at a cash price of Rs. [•]/- per Equity share aggregating Rs. [•] Lakhs will be available for allocation to Investors up to Rs. 2.00 Lakhs |
| | [•] Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of [•]/- per Equity Share aggregating Rs. [•] lakhs will be available for allocation to investors above Rs. 2.00 Lakhs |
| ***Pre and Post Offer Equity Shares*** | |
| Equity Shares outstanding prior to the Issue | 31,55,600 Equity Shares of face value of Rs.10 each |
| Equity Shares outstanding after the Offer | [•] Equity Shares of face value of Rs.10 each |
| Use of proceeds of this Offer | For further details please refer chapter titled "*Objects of the Offer"* beginning on page 100 of this Draft Red Herring Prospectus for information on use of Issue Proceeds. Our Company will not receive any proceeds from the Offer for Sale. |

**Notes**

1. # Market Maker Reservation Portion will be aggregate of 5%of Offer for Sale Shares and 5% of aggregated Fresh Issue proceeds divided by floor price; subject to adjustments of lot size. Further the Market Maker Reservation Portion shall be not less than 5 % of shares offered under the IPO as required as per regulation 106(V), sub regulation (4) of SEBI (ICDR) Regulations.
2. This Offer is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. The Offer is being made through the method and hence, as per

regulation 43, sub regulation (4) of SEBI (ICDR) Regulations, at least 50% of the Net Offer to public will be available for allocation on a proportionate basis to Retail Individual Applicants, subject to valid Applications being received at the Offer Price. For further details please refer to section titled *'Offer Related Information'* beginning on 269 of this Draft Red Herring Prospectus

3. The Offer has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on June 20, 2015 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Extra-Ordinary General Meeting held on June 25, 2016
4. Bonanza Agencies Private Limited specifically confirms that offer for sale and transfer of up to 3,50,000 Equity Shares by way of initial public offer has been authorized by letter dated June 17, 2016.
5. Talent Investment Company Private Limited specifically confirms that offer for sale and transfer of up to 3,50,000 Equity Shares by way of initial public offer has been authorized by letter dated June 17, 2016.
6. Ambition Tie Up Private Limited specifically confirms that offer for sale and transfer of up to 2,24,000 Equity Shares by way of initial public offer has been authorized by letter dated June 17, 2016.

Further details please refer to chapter titled *"Offer Structure"* beginning on page 276 of this Draft Red Herring Prospectus.

## GENERAL INFORMATION

Our Company was originally incorporated *vide* Certificate of Incorporation dated July 16, 2009 as 'Heritage Barter Private Limited' under the provisions of the Companies Act, 1956 with the Registrar of Companies, West Bengal bearing Corporate Identification Number U51909WB2009PTC136911. Subsequently, the name of our Company was changed to 'Gretex Industries Private Limited' *vide* special resolution passed by the shareholders of our Company in their meeting held on January 22, 2013 and fresh Certificate of Incorporation consequent upon change of name issued by the Registrar of Companies, West Bengal on February 7, 2013. Our Company was converted into a Public Limited Company pursuant to a special resolution passed by shareholders of our Company at their meeting held on October 21, 2013 and the name of our Company was changed to 'Gretex Industries Limited'. A fresh Certificate of Incorporation was issued by the Registrar of Companies, West Bengal on November 20, 2013. The Corporate Identity Number of our Company is U17296WB2009PLC136911.

For details of incorporation, change of name and registered office of our Company, please refer to chapter titled *"General Information"* and "*Our History and Certain Other Corporate Matters*" beginning on page 67 and 163 of this Draft Red Herring Prospectus

### REGISTERED OFFICE OF OUR COMPANY

**Gretex Industries Limited**

158, Lenin Sarani, 3rd Floor,
Room No. 7B,
Kolkata – 700 013
West Bengal, India
**Tel:** +91 33 40647251
**Fax No.:** +91 22 24331551
**Email:** cs@gretexgroup.com
**Website:** www.gretexindustries.com

### REGISTRAR OF COMPANIES

**Registrar of Companies, West Bengal,**
Nizam Palace, 2nd MSO Building,
2nd Floor, 234/4, A.J.C.B. Road,
Kolkata – 700 020
West Bengal, India

### DESIGNATED STOCK EXCHANGE

**NSE Emerge, SME Platform of NSE**
Exchange Plaza,
Plot no. C/1, G Block,
Bandra - Kurla Complex
Bandra (E),
Mumbai - 400 051
Maharshtra, India

### OUR BOARD OF DIRECTORS

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

| Sr. No. | Name | Age | DIN | Address | Designation |
|---|---|---|---|---|---|
| 1. | Arvind Harlalka | 40 years | 00494136 | 19B, 2nd Floor, B B Ganguly Street, Lalbazar, Kolkata - 700 012, West Bengal, India | Managing Director |
| 2. | Sumit | 33 | 00474175 | 19B, 2nd Floor, B B Ganguly | Non |

| Sr. No. | Name | Age | DIN | Address | Designation |
|---|---|---|---|---|---|
| | Harlalka | years | | Street, Lalbazar, Kolkata - 700 012, West Bengal, India | Executive Director |
| 3. | Rahul Kumar | 34 years | 07544872 | 25, Foota Road, H. No. 47, Premnagar, Najafgarh, South West Delhi, Delhi – 110 043, India | Independent Director |
| 4. | Soma Nath | 31 years | 07544903 | 6/1, Gulepara Road, Parnashree, Kolkata - 700 061, West Bengal, India | Independent Director |

For further details of our Directors, please refer to the chapter titled *"Our Management"* beginning on Page 167 of this Draft Red Herring Prospectus.

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Sweta Harlalka**

**Gretex Industries Limited**
158, Lenin Sarani, 3rd Floor,
Room No. 7B,
Kolkata – 700 013
West Bengal, India
**Tel:** +91 33 40647251
**Fax No.:** +91 22 24331551
**Email:** cs@gretexgroup.com

**Website:** www.gretexindustries.com

## CHIEF FINANCIAL OFFICER

**Kritika Rupda**

**Gretex Industries Limited**
158, Lenin Sarani, 3rd Floor,
Room No. 7B,
Kolkata – 700 013
West Bengal, India
**Tel:** +91 33 40647251
**Fax No.:** +91 22 24331551
**Email:** cfo@gretexgroup.com
**Website:** www.gretexindustries.com

**Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non receipt of letters of Allotment, non credit of Allotted Equity Shares in the respective beneficiary account, non receipt of refund orders and non receipt of funds by electronic mode.**

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

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

## SELLING SHAREHOLDERS

**Bonanza Agency Private Limited**
16B, Madan Chatterjee Lane,
2nd Floor, Kolkata 700 007,
West Bengal
**CIN:** U51101WB2009PTC132678

**Ambition Tie Up Private Limited**
25B, Raja Raj Ballav Street,
Ground Floor, Kolkata – 700 003
West Bengal
**CIN: U51109WB2006PTC107374**

**Talent Investment Company Private Limited**
25B, Raja Raj Ballav Street,
Ground Floor, Kolkata – 700 003
West Bengal
**CIN –** U67120WB1984PTC037950

## STATUTORY AUDITORS

**Gupta Agarwal & Associates**
Chartered Accountants
18, Rabindra Sarani, Poddar Court,
Gate No. 1, 5th Floor, Room No. 502,
Kolkata 700001
**Tel No.:** +91 33 40624331
**Email –** guptaagarwal.associate@gmail.com
**Contact Person -** Jay Shanker Gupta
**Firm Registration Number -** 329001E
**Membership No.:** 059535

## PEER REVIEWED AUDITOR

**Surana Singh Rathi And Co.**
Chartered Accountants
15/A, Laxmi Narayan
Mukherjee Road,
Kolkata – 700 006
**Tel No.:** +91 33 2259 4182
**Email –** sksurana1955@yahoo.co.in
**Contact Person -** Gaurav Rathi
**Firm Registration Number -** 317119E
**Membership No.:** 067539

*Surana Singh Rathi And Co., Chartered Accountants holds a peer reviewed certificate dated [•] issued by the Institute of Chartered Accountants of India.*

## BOOK RUNNING LEAD MANAGER

**Pantomath Capital Advisors Private limited**
406-408, Keshwa Premises, Behind Family Court
Bandra Kurla Complex, Bandra (East)
Mumbai - 400051
**Tel. No.:** +91 22 6194 6718
**Fax No.:** +91 22 2659 8690
**Email:** ipo@pantomathgroup.com
**Website:** www.pantomathgroup.com
**Contact Person** – Saahil Kinkhabwala
**SEBI Registration No.:** INM000012110

**Indian Overseas Bank**
Merchant Banking Division,
763, Anna Salai,
Chennai-600 002
**Tel.:** + 91 44 2851 9548/ 2888 9367;
**Email**: mbd@iobnet.co.in
**Website**: www.iob.in
**Contact Person:** (i) Mrs. B. Gomathy/ Mrs.S.Chandra, Merchant Banking Division, Chennai
Tel.: + 91 44 2851 9548/ 2888 9367;
(ii) Mr. S, Muralidharan, Capital Market Services Branch, Mumbai,

**Tel:** + 91 22 226 22017/2262 2018
**SEBI Registration No**: INM000001386

## REGISTRAR TO THE OFFER

**Bigshare Services Private Limited**
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri East, Mumbai – 400 072
**Tel:** +91 22 4043 0200
**Fax:** +91 22 2847 5207
**Email:** ipo@bigshareonline.com
**Website:** www.bigshareonline.com
**Contact Person:** Babu Raphael
**SEBI Registration Number:** INR000001385
**Investor Grievance E-mail**: investor@bigshareonline.com

## SHARE ESCROW AGENT

**Intellect Stock Broking Limited**
23 A, Giri Babu Lane,
4th Floor,
Kolkata – 700 012,
West Bengal, India
**Tel:** +91 33 4052 9200
**Fax:** +91 33 4052 9224
**E-mail:** intellect@intellectmoney.com
**Website:** www.intellectmoney.com
**Contact Person:** [•]
**SEBI Registration No.:** [•]

## LEGAL ADVISOR TO THE OFFER

**M V Kini, Law Firm**
Kini House, 6/39 Jangpura-B,
New Delhi- 110014
**Tel:** +91 11 2437 1038/ 39/ 40
**Fax:** +91 11 2437 9484
**E-mail:** vidisha@mvkini.com
**Contact Person:** Vidisha Krishan
**Website:** www.mvkini.com

## BANKER(S) TO THE COMPANY

**[•]**

## PUBLIC ISSUE BANK/ BANKERS TO THE OFFER AND REFUND BANKER

**ICICI Bank Limited**
Capital Market Division,
1st Floor, 122, Mistry Bhavan,
Dinshaw Vachha Road, Backbay Reclamation
Churchgate, Mumbai – 400 020
**Tel:** 022 22859922
**Fax:** 022 22611138
**Email:** rishav.bagrecha@icicibank.com
**Contact Person:** Rishav Bagrecha
**Website:** www.icicibank.com
**SEBI Registration Number:** INBI00000004

## DESIGNATED INTERMEDIARIES

**Self Certified Syndicate Banks**

The list of 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 or such other websites as updated from time to time. For details of the Designated Branches which shall collect Bid cum Application Forms from the ASBA Bidders and Designated Intermediaries, please refer to the above-mentioned link.

**Registered Brokers**

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

**Registrar to Offer and Share Transfer Agents**

The list of the RTAs eligible to accept Bid cum Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of Stock Exchange at National Stock Exchange India Limited, as updated from time to time.

**Collecting Depository Participants**

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

## CREDIT RATING

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

## IPO GRADING

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

## APPRAISAL AND MONITORING AGENCY

As per regulation 16(1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Offer size is below Rs. 50,000 Lakhs. Since the Offer size is only of Rs. [•] lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Offer.

## INTER-SE ALLOCATION OF RESPONSIBILITIES

Below mentioned table set forth the inter-se allocation of responsibilities for various activities among the BRLMs to this Issue; i.e. PCAPL and IOB

| Sr. No. | Activities | Responsibility | Coordinator |
|---|---|---|---|
| 1. | Capital restructuring with the relative components and formalities such as type of instruments, etc. | PCAPL, IOB | PCAPL |
| 2. | Due diligence of the Company's operations/ management/ business plans/ legal, etc. Drafting and design of offer document and of statutory advertisement | PCAPL, IOB | PCAPL |

| | | | |
|---|---|---|---|
| | including memorandum containing salient features of the Draft Red Herring Prospectus The BRLM and Co-BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock exchange(s), RoC and SEBI including finalization of the Draft Red Herring Prospectus and filing with the RoC. | | |
| 3. | Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc. | PCAPL | PCAPL |
| 4. | Appointment of registrar and other agencies to the Issue. | PCAPL | PCAPL |
| 5. | Appointment of all other intermediaries including bankers to the Issue, printers, advertising agency etc. | PCAPL | PCAPL |
| 6. | • Developing marketing strategy which will cover, inter alia<br>• Formulating marketing strategies, preparation of publicity budget;<br>• Finalising media, marketing and public relations strategy;<br>• Finalising bidding and collection centres; and *f*<br>• Follow-up on distribution of publicity and issue material including form, Prospectus and deciding on the quantum of the issue material. | PCAPL, IOB | PCAPL |
| 7. | Coordination with Stock Exchange for the Book Building software, bidding terminals and mock trading. | PCAPL | PCAPL |
| 8. | Management of Public Issue Bank account and Refund Bank account and allocation. | PCAPL | PCAPL |
| 9. | Post bidding activities including coordination for non- institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Bidders, etc. The post issue activities of the issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business, unblocking of ASBA funds, etc. The BRLM and the Co-BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company. | IOB | IOB |

## EXPERT OPINION

Our Company has not obtained any expert opinion.

## BOOK BUILDING PROCESS

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band shall be determined by our Company, Selling Shareholders in consultation with the BRLMs in accordance with the Book Building Process, and advertised in all editions of a widely circulated English Newspaper, all editions of a widely circulated Hindi Newspaper and a widely circulated Bengali Newspaper, Bengali being the regional language of West Bengal, where our registered office is situated at least five working days prior to the Bid/ Issue Opening date, after the Bid/Issue Closing Date. The Offer Price shall be determined by our Company, Selling Shareholders in consultation with the BRLMs in accordance with the Book Building Process. Principal parties involved in the Book Building Process are:

- Our Company;
- Selling Shareholders
- The Book Running Lead Manager in this case being Pantomath Capital Advisors Private Limited, Indian Overseas Bank and, the Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers wit h NSE and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by the BRLMs;
- The Registrar to the Offer and;
- The Designated Intermediaries

All Bidders (excluding Anchor Investors) can participate in the Issue only through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process. In accordance with the SEBI Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise or withdraw their Bids prior to the Bid/Issue Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Except Allocation to Retail Individual Investors and the Anchor Investors, Allocation in the Issue will be on a proportionate basis We will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed Pantomath Capital Advisors Private Limited and Indian Overseas Bank as the Book Running Lead Manager, respectively to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

For further details on the method and procedure for Bidding, please see section entitled *"Offer Procedure"* on page 196 of this Draft Red Herring Prospectus

Illustration of Book Building and Price Discovery Process (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue) Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to Rs.24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Bid Quantity | Subscription |
|---|---|---|---|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 2,500 | 20 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22.00 in the above example. The issuer, in consultation with the Book Running Lead Manager will finalize the issue price at or below such cut-off price, i.e., at or below Rs.22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

**Steps to be taken by the Bidders for Bidding:**

1. Check eligibility for making a Bid (see section titled *"Offer Procedure"* on page 278. of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain the Demographic Details of the Bidders from the Depositories.
4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depositary Participant's verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims

Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form;

**BID / OFFER PROGRAMME**

An indicative timetable in respect of the Offer is set out below:

| Event | Indicative Date |
|---|---|
| Bid/Offer Opening Date | [•] |
| Bid/Offer Closing Date | [•] |
| Finalization of Basis of Allotment with the Designated Stock Exchange | [•] |
| Initiation of Refunds | [•] |
| Credit of Equity Shares to Demat Accounts of Allottees | [•] |
| Commencement of trading of the Equity Shares on the Stock Exchange | [•] |

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the Book Running Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Offer Closing Date, the timetable may change due to various factors, such as extension of the Offer Period by our Company, or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bids and any revision to the same shall be accepted only between 10.00 a.m. and 5.00 p.m. (IST) during the Offer Period. On the Offer Closing Date, the Bids and any revision to the same shall be accepted between 10.00 a.m. and 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of bids received up to the closure of timings and reported by the Book Running Lead Manager to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic system would be rejected. Bids will be accepted only on Working Days. Neither our Company nor the Book

Running Lead Manager is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Non Retail Bidders shall not be allowed to either withdraw or lower the size of their Bid at any stage. Non Retail Bidders may revise their Bids upwards (in terms of quantity of Equity Shares) during the Offer Period. Such upward revision must be made using the Revision Form.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular Bidder, the Registrar to the Offer shall ask the relevant SCSBs / RTAs / DPs / Stock Brokers, as the case may be, for rectified data.

## UNDERWRITER

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

| Name and Address of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (Rupees in Lakhs) | % of the Total Issue size Underwritten |
|---|---|---|---|
| **[•]** | | | |
| **Total** | **[•]** | **[•]** | **100%** |

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

## DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company and the Lead Manager have entered into a tripartite agreement dated [•], with the following Market Maker, duly registered with NSE Emerge to fulfill the obligations of Market Making.

[•]

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

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

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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s) .
2. The minimum depth of the quote shall be Rs. 1,00,000/-. However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker. Based on the IPO price of [•]/- the minimum lot size is [•] Equity Shares thus minimum depth of the quote shall be Rs. [•]/- until the same, would be revised by NSE.

3. 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 [•] Equity Shares out to be allotted under this Offer). Any Equity Shares allotted to Market Maker under this Offer over and above 25% Equity Shares would not be taken in to consideration of computing the threshold of 25% of Offer Size. As soon as the Shares of Market Maker in our Company reduce to 24% of Offer Size, the Market Maker will resume providing 2-way quotes.
4. There shall be no exemption / threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, NSE may intimate the same to SEBI after due verification.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
6. There would not be more than five Market Makers for the Company's Equity Shares at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors. At this stage, [•] is acting as the sole Market Maker.
7. 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 NSE and market maker will remain present as per the guidelines mentioned under NSE and SEBI circulars.
8. 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.
9. The Market Maker shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

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

10. NSE SME Exchange will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.
11. NSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and / or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

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

12. 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 crore to Rs. 50 crore | 20% | 19% |
| Rs. 50 to Rs. 80 crore | 15% | 14% |
| Above Rs. 80 crore | 12% | 11% |

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

## CAPITAL STRUCTURE

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

*Amount (Rs. in Lakhs except share data)*

| No. | Particulars | Aggregate nominal value | Aggregate value at Offer Price |
|---|---|---|---|
| A. | **Authorised Share Capital** | | |
| | 45,00,000 Equity Shares of face value of Rs. 10/- each | 450.00 | |
| B. | **Issued, Subscribed and Paid-Up Share Capital before the Issue** | | |
| | 31,55,600 Equity Shares of face value of Rs. 10/- each | 315.56 | |
| C. | **Present Issue / Offer in terms of this Draft Red Herring Prospectus** | | |
| | Offer of [•] Equity Shares of face value Rs.10/- each at a price of Rs. [•]/- per Equity Share. | [•] | [•] |
| D. | **Consisting of :** | | |
| | **Fresh Issue by the Company** of upto [•] Equity Shares of face value Rs.10/- each at a price of Rs. [•]/- per Equity Share aggregating up to Rs. 210.42 Lakhs | [•] | 210.42 |
| | **Offer up to 9,24,000 Equity Shares by Selling Shareholders:** | | |
| | (i) By Bonanza Agencies Private Limited up to 3,50,000 Equity Shares | 35.00 | [•] |
| | (ii) By Talent Investment Co. Private Limited up to 3,50,000 Equity Shares | 22.40 | [•] |
| | (iii) By Ambition Tie-up Private Limited up to 2,24,000 Equity Shares | 22.40 | [•] |
| | of face value Rs.10/- each at a price of Rs. [•]/- per Equity Share. | | |
| | **Reservation for Market Maker** – [•] Equity Shares of face value of Rs. 10/- each reserved as Market Maker portion at a price of Rs. [•]/- per Equity Share | [•] | [•] |
| | **Net Issue / Offer to the Public** – [•] Equity Shares of face value of Rs. 10/- each at a price of Rs. [•]/- per Equity Share | [•] | [•] |
| | **Of the Net Issue / Offer to the Public** | [•] | [•] |
| | **Allocation to Retail Individual Investors** – [•] Equity Shares of face value of Rs. 10/- each at a price of Rs. [•]/- per Equity Share shall be available for allocation for Investors applying for a value of upto Rs. 2.00 lakhs | [•] | [•] |
| | **Allocation to Other than Retail Individual Investors**- [•]Equity Shares of face value of Rs. 10/- each at a price of Rs. [•]/- per Equity Share shall be available for allocation for Investors applying for a value above Rs. 2.00 lakhs | [•] | [•] |
| D. | **Issued, Subscribed and Paid-Up Share Capital after the Issue** | | |
| | [•]Equity Shares of face value of Rs. 10/- each | [•] | |
| E. | **Securities Premium Account** | | |
| | Before the Issue | | 10.00 |
| | After the Issue | | [●] |

The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on June 20, 2016 and by the shareholders of our Company vide a special resolution pursuant to at the Extra-Ordinary General Meeting held on June 25, 2016.

The selling shareholders have consented to participate in the offer in the following manner:

(i) up to 3,50,000 Equity Shares by Bonanza Agencies Private Limited vide their authorization letter dated June 17, 2016;

(ii) up to 3,50,000 Equity Shares by Talent Investment Company Private vide their authorization letter dated June 17, 2016;

(iii) up to 2,24,000 Equity Shares by Ambition Tie-up Private vide their authorization letter dated June 17, 2016.

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

## NOTES TO THE CAPITAL STRUCTURE

**1. Details of increase in authorised share capital:**

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

| Particulars of Change | | Date of Shareholders' Meeting | AGM / EGM |
|---|---|---|---|
| From | To | | |
| Rs. 1,00,000 consisting of 10,000 equity shares of Rs. 10/- each | | On Incorporation | -- |
| Rs. 1,00,000 consisting of 10,000 Equity shares of Rs. 10/- each. | Rs. 5,00,000 consisting of 50,000 Equity Shares of Rs. 10/- each. | March 29, 2010 | EGM |
| Rs. 5,00,000 consisting of 50,000 Equity Shares of Rs. 10/- each. | Rs. 10,00,000 consisting of 1,00,000 Equity Shares of Rs. 10/- each. | September 03, 2013 | EGM |
| Rs. 10,00,000 consisting of 1,00,000 Equity Shares of Rs. 10/- each. | Rs. 3,50,00,000 consisting 35,00,000 Equity Shares of Rs. 10/- each. | June 15, 2015 | EGM |
| Rs. 3,50,00,000 consisting 35,00,000 Equity Shares of Rs. 10/- each | Rs. 4,50,00,000 consisting 45,00,000 Equity Shares of Rs. 10/- each. | June 25, 2016 | EGM |

**2. History of Equity Share Capital of our Company**

| Date of Allotment / Fully Paid-up | No. of Equity Shares allotted | Face value (Rs.) | Issue Price (Rs.) | Nature of consideration | Nature of Allotment | Cumulative number of Equity Shares | Cumulative Paid -up Capital (Rs.) |
|---|---|---|---|---|---|---|---|
| Incorporation | 10,000 | 10 | 10 | Cash | Subscription to MOA[(i)] | 10,000 | 1,00,000 |
| March 31, 2010 | 17,500 | 10 | 100 | Cash | Further Allotment[(ii)] | 27,500 | 2,75,000 |
| May 24, | 10,000 | 10 | 100 | Cash | Further | 37,500 | 3,75,000 |

| Date of Allotment / Fully Paid-up | No. of Equity Shares allotted | Face value (Rs.) | Issue Price (Rs.) | Nature of consideration | Nature of Allotment | Cumulative number of Equity Shares | Cumulative Paid -up Capital (Rs.) |
|---|---|---|---|---|---|---|---|
| 2010 | | | 0 | | Allotment[iii] | | |
| September 4, 2013 | 6,700 | 10 | 316 | Cash | Further Allotment[iv] | 44,200 | 4,42,000 |
| October 22, 2013 | 19,200 | 10 | 316 | Cash | Further Allotment[v] | 63,400 | 6,34,000 |
| June 16, 2015 | 20,92,200 | 10 | NA | NA | Bonus Allotment [vi] | 21,55,600 | 2,15,56,000 |
| July 6, 2015 | 10,00,000 | 10 | 11 | Cash | Preferential Issue [vii] | 31,55,600 | 3,15,56,000 |

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

| Sr. No. | Name of Person | No. of shares Allotted |
|---|---|---|
| 1. | Rajib Nandi | 1,000 |
| 2. | Bivash Nandi | 1,000 |
| 3. | Bijoy Gupta | 8,000 |
| | **Total** | **10,000** |

(ii) The Company allotted 17,500 Equity Shares of face value of Rs. 10/- each fully paid at premium of Rs. 90/- on March 31, 2010, as per the details given below:-

| Sr. No. | Name of Person | No of shares Allotted |
|---|---|---|
| 1. | Bholebaba Agency Private Limited | 1,000 |
| 2. | Blackberry Tradelinks Private Limited | 2,500 |
| 3. | Bonanza Agency Private Limited | 1,000 |
| 4. | Matrix Vintrade Private Limited | 3,500 |
| 5. | Oasis Tradewings Private Limited | 3,500 |
| 6. | Relax Vintrade Private Limited | 1,000 |
| 7. | Risewell Sales Private Limited | 2,500 |
| 8. | Topaz Vanijya Private Limited | 2,500 |
| | **Total** | **17,500** |

(iii) The Company allotted 10,000 Equity Shares of face value of Rs. 10/- each fully paid at premium of Rs. 990/- on May 24, 2010 as per the details given below:-

| Sr. No | Name of Person | No of shares Allotted |
|---|---|---|
| 1. | Active Tradecomm Private Limited | 1,000 |
| 2. | Brilliant Commosales Private Limited | 1,000 |
| 3. | Desire Financial Consultants Private Limited | 1,000 |
| 4. | Juliet Merchants Private Limited | 1,000 |
| 5. | Macro Dealcomm Private Limited | 1,000 |
| 6. | Marina Commodeal Private Limited | 1,000 |
| 7. | Mooncity Vincom Private Limited | 1,000 |
| 8. | Topaz Vanijya Private Limited | 1,000 |
| 9. | Topstar Dealers Private Limited | 1,000 |
| 10. | Unicon Commodeal Private Limited | 1,000 |
| | **Total** | **10,000** |

(iv) The Company allotted 6,700 Equity Shares of face value of Rs. 10/- each fully paid at a premium of Rs. 306/- on September 4, 2013 as per the details given below:-

| Sr. No | Name of Person | No of shares Allotted |
|---|---|---|
| 1. | Sankhu Merchandise Private Limited | 6,700 |
| | **Total** | **6,700** |

(v) The Company allotted 19,200 Equity Shares of face value of Rs. 10/- each fully paid at a premium of Rs. 306/- on October 22, 2013 as per the details given below:-

| Sr. No | Name of Person | No of shares Allotted |
|---|---|---|
| 1. | Sankhu Merchandise Private Limited | 2,850 |
| 2. | Apsara Selections Private Limited | 16,150 |
| 3. | Arvind Harlaka | 100 |
| 4. | Sumit Harlaka | 100 |
| | **Total** | **19,200** |

(vi) Bonus Issue of Rs. 20,92,200 Equity Shares of Rs. 10/- each in the ratio of 33 Equity Share for every 1 Equity Share on June 16, 2015 as per the details given below:

| Sr. No | Name of Person | No of shares Allotted |
|---|---|---|
| 1. | Ambuja Technologies Private Limited | 5,11,500 |
| 2. | Gretex Corporate Services Private Limited | 4,62,000 |
| 3. | Arvind Harlaka | 3,300 |
| 4. | Ambition Tie-up Private Limited | 2,64,000 |
| 5. | Sankhu Merchandise Private Limited | 3,15,150 |
| 6. | Apsara Selections Private Limited | 5,32,950 |
| 7. | Sumit Harlaka | 3,300 |
| | **Total** | **20,92,200** |

(vii) The Company allotted 10,00,000 Equity Shares of face value of Rs. 10/- each fully paid at a premium of Rs. 1/- on July 06, 2015 as per the details given below:-

| Sr. No | Name of Person | No of shares Allotted |
|---|---|---|
| 1. | Bonanza Agencies Private Limited | 3,50,000 |

| | | |
|---|---|---|
| 2. | Talent Investment Co. Private Limited | 3,50,000 |
| 3. | Ambition Tie-up Private Limited | 3,00,000 |
| | **Total** | **10,00,000** |

3. `As on date, our Company has not issued any Equity Shares for consideration other than cash except following:

| Date of Allotment | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Nature of consideration | Reasons of Allotment | Allotees | Whether a part of promoter group | No. of Shares Allotment |
|---|---|---|---|---|---|---|---|---|
| June 16, 2015 | 20,92,200 | 10 | NIL | Other than cash | Bonus Issue | Ambuja Technologies Private Limited | Yes | 5,11,500 |
| | | | | | | Gretex Corporate Services Private Limited | Yes | 4,62,000 |
| | | | | | | Arvind Harlaka | Yes | 3,300 |
| | | | | | | Ambition Tie-up Private Limited | Yes | 2,64,000 |
| | | | | | | Sankhu Merchandise Private Limited | Yes | 3,15,150 |
| | | | | | | Apsara Selections Private Limited | Yes | 5,32,950 |
| | | | | | | Sumit Harlaka | Yes | 3,300 |
| **Total** | | | | | | | | 20,92,200 |

4. No Equity Shares have been allotted pursuant to any scheme approved under Section 391-394 of the Companies Act, 1956.

5. Our Company has not re-valued its assets since inception and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

6. No shares have been issued at price below Issue Price within last one year from the date of this Draft Red Herring Prospectus. However, our Promoters has acquired shares at less than issue price. Details are given below:

| Date of Allotment | Number of Equity Shares | Face Value (Rs.) | Transferee Name | Transfer Price (Rs.) |
|---|---|---|---|---|
| June 30, 2016 | 50,000 | 10 | Arvind Harlalka | 10.10 |
| June 30, 2016 | 50,000 | 10 | Sumit Harlalka | 10.10 |
| June 30, 2016 | 2,76,000 | 10 | Arvind Harlalka HUF | 10.10 |
| June 30, 2016 | 1,00,000 | 10 | Sumit Harlalka HUF | 10.10 |

7. As on the date of this Draft Red Herring Prospectus, our Company does not have any preference share capital.

**8. Build-up of Promoters' shareholding, Promoters' contribution and lock-in**

i. Build-up of Promoters Shareholding

As on the date of this Draft Red Herring Prospectus, our Promoters Ambuja Technologies Private Limited, Ambition Tie-up Private Limited, Sumit Harlaka and Arvind Harlaka hold 38.21% of pre issue Equity Shares of our Company. None of the Equity Shares held by our Promoters are subject to any pledge.

**a. Ambuja Technologies Private Limited**

| Date of Allotment and made fully paid up / Transfer | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price Rs.)* | Nature of Transactions | Pre-issue shareholding % | Post – issue shareholding % | Lock-in Period | Source of funds | Pledge |
|---|---|---|---|---|---|---|---|---|---|
| April 21, 2010 | 1,000 | 10 | 10 | Transfer from Bholebaba Agency Private Limited | 0.03% | [•] | | Borrowed from Excellent Commotrade | No |
| April 21, 2010 | 3,500 | 10 | 10 | Transfer from Matrix Vintrade Private Limited | 0.11% | [•] | [•] | | No |
| April 21, 2010 | 2,500 | 10 | 10 | Transfer from Risewell Sales Private Limited | 0.08% | [•] | [•] | | No |
| April 21, 2010 | 2,500 | 10 | 10 | Transfer from Topaz Vanijya Private Limited | 0.08% | [•] | [•] | | No |
| May 29, 2010 | 1,000 | 10 | 10 | Transfer from Desire Financial Consultants Private Limited | 0.03% | [•] | [•] | Borrowed from Sherwood Securities Private Limited (Address:19B, B.B.Ganguly Street 2nd Floor Kolkata WB 700012) | No |
| May 29, 2010 | 1,000 | 10 | 10 | Transfer from Topstar Dealers Private Limited | 0.03% | [•] | [•] | | No |
| May 29, 2010 | 1,000 | 10 | 10 | Transfer from Topaz Vanijya Private Limited | 0.03% | [•] | [•] | | No |
| May 29, 2010 | 1,000 | 10 | 10 | Transfer from Active Tradecomm Private Limited | 0.03% | [•] | [•] | | No |
| May 29, 2010 | 1,000 | 10 | 10 | Transfer from Unicon Commodeal Private Limited | 0.03% | [•] | [•] | | No |
| May 31, 2010 | 1,000 | 10 | 10 | Transfer from Rajib Nandi | 0.03% | [•] | [•] | Own Funds | No |
| June 16, 2015 | 5,11,500 | 10 | N/A | Bonus Issue | 16.21% | [•] | [•] | NA | No |
| **Total** | **5,27,000** | | | | **16.70%** | [•] | | | |

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment.

**b. Ambition Tie-up Private Limited**

| Date of Allotment and made fully paid up / Transfer | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price Rs.)* | Nature of Transactions | Pre-issue shareholding % | Post – issue shareholding % | Lock-in Period | Source of funds | Pledge |
|---|---|---|---|---|---|---|---|---|---|
| May 31, 2010 | 4,000 | 10 | 10 | Transfer from Bivash Nandi | 0.13% | [•] | [•] | Borrowed from Bismuth Vinmay | No |
| May 31, 2010 | 4,000 | 10 | 10 | Transfer from Rajib Nandi | 0.13% | [•] | [•] | Borrowed from Shah Finance Services | No |
| June 16, 2015 | 2,64,000 | 10 | - | Bonus | 8.36% | [•] | [•] | NA | No |
| | | | | | | [•] | [•] | NA | No |
| July 6, 2015 | 3,00,000 | 10 | 11 | Preferential Issue | 9.51% | [•] | [•] | Borrowed from Rankini Tradecomm | No |
| **Total** | **5,72,000** | | | | **18.13%** | [•] | | | |

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment.

**c. Sumit Harlaka**

| Date of Allotment and made fully paid up / Transfer | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price Rs.)* | Nature of Transactions | Pre-issue shareholding % | Post – issue shareholding % | Lock-in Period | Source of funds | Pledge |
|---|---|---|---|---|---|---|---|---|---|
| October 22, 2013 | 100 | 10 | 11 | Preferential Issue | Negligible | [•] | [•] | Borrowed from Gretex Corporate Services Private Limited | No |
| June 16, 2015 | 3,300 | 10 | - | Bonus | 0.10% | [•] | [•] | NA | No |
| June 30, 2016 | 50,000 | 10 | 10.10 | Transfer from Gretex Corporate Services Private Limited | 1.58% | [•] | [•] | Borrowed from Gretex Corporate Services Private Limited | No |
| **Total** | **53,400** | | | | **1.69%** | [•] | | | |

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment.

**d. Arvind Harlaka**

| Date of Allotment and made fully paid up / Transfer | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price Rs.)* | Nature of Transactions | Pre-issue shareholding % | Post – issue shareholding % | Lock-in Period | Source of funds | Pledge |
|---|---|---|---|---|---|---|---|---|---|
| October 22, 2013 | 100 | 10 | 11 | Preferential Issue | Negligible | [•] | [•] | Borrowed from Rajkumari Harlalka | No |
| June 16, 2015 | 3,300 | 10 | - | Bonus | 0.10% | [•] | [•] | NA | No |
| June 30, 2016 | 50,000 | 10 | 10.10 | Transfer from Gretex Corporate Services Private Limited | 1.58% | [•] | [•] | Borrowed from Rajkumari Harlalka | No |
| **Total** | **53,400** | | | | **1.69%** | [•] | | | |

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment.

ii. **Details of Promoter's 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 Promoter shall be considered as Promoters' Contribution ("Promoters Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

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

| Date of Allotment | Date when made fully paid up | No. of Shares Allotted / Transferred | Face Value | Issue Price | Nature of Allotment | % of Post Issue shareholding |
|---|---|---|---|---|---|---|
| **Ambuja Technologies Private Limited** | | | | | | |
| [•] | [•] | [•] | [•] | [•] | [•] | [•] |
| **Ambition Tie-up Private Limited** | | | | | | |
| [•] | [•] | [•] | [•] | [•] | [•] | [•] |

While the Fresh Issue size aggregates Rs. 210.42 lakhs and Offer for Sale of 9,24,000 Equity Shares, the actual number of total Equity Shares that would be offered in the Issue cannot be determined at this stage. Our Company would be able to estimate the number of Equity Shares to be offered in the Issue upon finalization of the Issue Price. Consequently, our Company cannot determine the number of Equity Shares that are required to be offered by our Promoter towards Promoter's Contribution at this stage. However, we undertake to update the exact details of the number of Equity Shares forming part of Promoter's Contribution at the time of filing of the Prospectus with the RoC.

The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI (ICDR) Regulations. The Equity Shares that are being locked in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI ICDR Regulations. In connection, we confirm the following:

a. The Equity Shares offered for minimum 20% Promoters' contribution have not been acquired in the three years preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets nor resulted from a bonus issue out of the revaluation reserves or unrealized profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;

b. The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus at a price lower than the Issue Price ;

c. Our Company has not been formed by the conversion of a partnership firm into a Company and thus, no Equity Shares have been issued to our Promoters upon conversion of a partnership firm;

d. The Equity Shares held by the Promoters and offered for minimum Promoters' contribution are not subject to any pledge;

e. All the Equity Shares of our Company held by the Promoter are dematerialized; and

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

iii. **Details of Equity Shares locked-in for one year**

Other than the above Equity Shares that are locked in for three years, the entire pre-Issue Equity Share capital of our Company shall be locked-in for a period of one year from the date of allotment in the Public Issue.

iv. **Other requirements in respect of lock-in**

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoter, as specified above, can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoter's Contribution for 3 years under Regulation 36(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Further, pursuant to Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, along with the Equity Shares proposed to be transferred, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended, subject to compliance with the Takeover Code, as applicable

We further confirm that our Promoter's Contribution of [●] of the post Issue Equity Share capital does not include any contribution from Alternative Investment Fund.

## 9. Our Shareholding Pattern

The table below represents the shareholding pattern of our Company in accordance with Regulation 31 of the SME Equity Listing Agreement, as on the date of this Draft Red Herring Prospectus:-

i. Summary of Shareholding Pattern

| Category | Category of Shareholder | No. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities* | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares** | | Number of Shares pledged or otherwise encumbered | | ****Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| I | II | III | IV | V | VI | VII = IV + V+ VI | VIII | IX | | X | XI | XII | | XIII | | XIV |
| A | Promoter and Promoter Group | 8 | 31,55,600 | - | - | 31,55,600 | 100.00 | 31,55,600 | 100.00 | - | 100.00 | - | - | - | - | 31,55,600 |
| B | Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| C | Non Promoter-Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1 | Shares underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Shares held by Employee Trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Total** | **8** | **31,55,600** | **-** | **-** | **31,55,600** | **100.00** | **31,55,600** | **100.00** | **-** | **100.00** | **-** | **-** | **-** | **-** | **31,55,600** |

**As on the date of this Draft Red Herring Prospectus 1 Equity Shares holds 1 vote.*

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

ii. Shareholding pattern of Promoter and Promoter Group

| Sr. No. | Category of Shareholder | PAN | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | ****Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | I | II | III | IV | V | VI | VII = IV+V+VI | VIII | IX | | X | XI | XII | | XIII | | XIV |
| (1) | **Indian** | | | | | | | | | | | | | | | | |
| (a) | **Individuals / Hindu undivided Family** | | | | | | | | | | | | | | | | |
| | Arvind Harlalka | | 1 | 53,400 | - | - | 53,400 | 1.69% | 53,400 | 1.69% | - | 1.69% | - | - | - | - | 53,400 |
| | Sumit Harlalka | | 1 | 53,400 | - | - | 53,400 | 1.69% | 53,400 | 1.69% | - | 1.69% | - | - | - | - | 53,400 |
| | Arvind Harlalka HUF | | 1 | 2,76,000 | - | - | 2,76,000 | 8.75% | 2,76,000 | 8.75% | - | 8.75% | - | - | - | - | 2,76,000 |
| | Sumit Harlalka HUF | | 1 | 1,00,000 | - | - | 1,00,000 | 3.17% | 1,00,000 | 3.17% | - | 3.17% | - | - | - | - | 1,00,000 |
| (b) | **Central Government / State Government(s)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (c) | **Financial Institutions / Banks** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (d) | **Any Other (Body Corporate)** | | | | | | | | | | | | | | | | |
| | Ambuja Technologies Private Limited | | 1 | 5,27,000 | - | - | 5,27,000 | 16.70% | 5,27,000 | 16.70% | - | 16.70% | - | - | - | - | 5,27,000 |
| | Ambition Tie-up Private Limited | | 1 | 5,72,000 | - | - | 5,72,000 | 18.13% | 5,72,000 | 18.13% | - | 18.13% | - | - | - | - | 5,72,000 |
| | Bonanza Agency Private Limited | | 1 | 6,74,700 | - | - | 6,74,700 | 21.38% | 6,74,700 | 21.38% | - | 21.38% | - | - | - | - | 6,74,700 |
| | Talent Investment Co. | | 1 | 8,99,100 | - | - | 8,99,100 | 28.49% | 8,99,100 | 28.49% | - | 28.49% | - | - | - | - | 8,99,100 |

| Sr. No. | Category of Shareholder | PAN | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | ****Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | Private Limited | | | | | | | | | | | | | | | | |
| | **Sub-total (A) (1)** | | **8** | **31,55,600** | - | - | **31,55,600** | **100.00 %** | **31,55,600** | **100.00 %** | - | **100.00%** | - | - | - | - | **31,55,600** |
| (2) | Foreign | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (a) | Individuals (Non-Resident Individuals / Foreign Individuals) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (b) | Government | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (d) | Foreign Portfolio Investor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (Specify) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sub-total (A) (2)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)** | - | **8** | **31,55,600** | - | - | **31,55,600** | **100.00 %** | **31,55,600** | **100.00 %** | - | **100.00%** | - | - | - | - | **31,55,600** |

iii. Shareholding pattern of the Public shareholder

| Sr. No. | Category of Shareholder | PAN | Nos. of shareholders | No. of fully paid up | No. of Partly paid | No. of shares und | Total nos. shares held | Shareholding as a % of total no. of | Number of Voting Rights held in each class of securities | No. of Shares Und | Shareholding , as a % assuming full conversion | Number of Locked in shares* | Number of Shares pledged or otherwise encumbered | **** Number of equity shares |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

| | | | | equity shares held | -up equity shares held | erlying Depository Receipts | | shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | No of Voting Rights | Total as a % of (A+B+C) | erlying Outstanding convertible securities (including Warrants) | of convertible securities ( as a percentage of diluted share capital) As a % of (A+B+C2) | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | I | II | III | IV | V | VI | VII = IV+V+VI | VIII | IX | | X | XI = VII + X | XII | | XIII | | XIV |
| (1) | Institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (a) | Mutual Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (b) | Venture Capital Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (c) | Alternate Investment Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (d) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (e) | Foreign Portfolio Investors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (f) | Financial Institutions / Banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (g) | Insurance Companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (h) | Provident Funds/ Pension Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (i) | Any Other (Specify) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sub-total (B) (1)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (2) | Central Government/State Government(s)/ President of India | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (B) (2)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (3) | **Non-Institutions** | | | | | | | | | | | | | | | | |
| (a) | Individuals | | | | | | | | | | | | | | | | |
| | i. Individual shareholders holding nominal share capital up to of Rs. 2 lakhs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (b) | NBFCs registered with RBI | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (c) | Employee Trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (d) | Overseas Depositories (holding DRs) (balancing figure) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (Specify) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sub Total (B)(3)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Total Shareholding of Public (B)= (B)(1)+(B)(2)+ (B)(3)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

iv. Shareholding pattern of the Non Promoter – Non Public shareholder

| | Category of Shareholder | PAN | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | **** Number of equity shares held in dematerialized form |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | | Class eg: X | Class eg: Y | Total | | | | | | | | |
| | I | II | III | IV | V | VI | VII = IV+V+VI | VIII | IX | | | | X | XI = VII + X | XII | | XIII | | XIV |
| (1) | Custodian / DR Holder | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (a) | Name of DR Holder (if applicable) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sub total (C)(1)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (2) | Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sub total (C)(2)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Total Non-Promoter Non-Public Shareholding (C) = (C)(1)+(C)(2)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

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

***In terms of SEBI Listing Regulations, All the Equity Shares held by the Promoter / members of the Promoter Group has been dematerialised.

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 NSE Emerge before commencement of trading of such Equity Shares.

10. Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Promoter and Promoter Group":

| Sr. No. | Name of the Shareholder | Pre – Issue | | Post – Issue | |
|---|---|---|---|---|---|
| | | No. of Equity Shares | % of Pre-Issue Capital | No. of Equity Shares | % of Post-Issue Capital |
| (I) | (II) | (III) | (IV) | (V) | (VI) |
| | **Promoter** | | | | |
| 1. | Arvind Harlaka | 53,400 | 1.69% | 53,400 | [●] |
| 2. | Sumit Harlaka | 53,400 | 1.69% | 53,400 | [●] |
| 3. | Ambuja Technologies Private Limited | 5,27,000 | 16.70% | 5,27,000 | [●] |
| 4. | Ambition Tie-up Private Limited * | 5,72,000 | 18.13% | 3,48,000 | [●] |
| | **Total** | **12,05,800** | **38.21%** | **9,81,800** | [●] |
| | **Promoter Group** | | | | [●] |
| 5. | Bonanza Agency Private Limited * | 6,74,700 | 21.38% | 3,24,700 | [●] |
| 6. | Talent Investment Company Private Limited * | 8,99,100 | 28.49% | 5,49,100 | [●] |
| 7. | Arvind Harlalka HUF | 2,76,000 | 8.75% | 2,76,000 | [●] |
| 8. | Sumit Harlalka HUF | 1,00,000 | 3.17% | 1,00,000 | [●] |
| | **Total** | **19,49,800** | **61.79%** | **12,49,800** | [●] |
| | **Total** | **31,55,600** | **100.00%** | **22,31,600** | [●] |

** Ambition Tie-up Private Limited, Bonanza Agency Private Limited and Talent Investment Co. Private Limited are the selling shareholders*

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

| Name of the Promoter | No. of Shares held | Average cost of Acquisition (in Rs.) |
|---|---|---|
| Arvind Harlaka | 53,400 | 9.48 |
| Sumit Harlaka | 53,400 | 9.48 |
| Ambuja Technologies Private Limited | 5,27,000 | 0.29 |
| Ambition Tie-up Private Limited | 5,72,000 | 5.91 |

13. No persons belonging to the category "Public" holds securities (including shares, warrants, convertible securities) of more than 1% of the total number of shares

14. The lists of top 10 shareholders of our Company and the number of Equity Shares held by them as on the date of filing, ten days before the date of filing and two years before the date of filing of this Draft Red Herring Prospectus are set forth below:

a. Particulars of the top ten shareholders as on the date of filing this Draft Red Herring Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of Total Paid-Up Capital |
|---|---|---|---|
| 1. | Arvind Harlalka | 53,400 | 1.69% |
| 2. | Sumit Harlalka | 53,400 | 1.69% |
| 3. | Ambuja Technologies Private Limited | 5,27,000 | 16.70% |
| 4. | Ambition Tie-up Private Limited | 5,72,000 | 18.13% |
| 5. | Bonanza Agency Private Limited | 6,74,700 | 21.38% |
| 6. | Talent Investment Co. Private Limited | 8,99,100 | 28.49% |
| 7. | Arvind Harlalka HUF | 2,76,000 | 8.75% |
| 8. | Sumit Harlalka HUF | 1,00,000 | 3.17% |
| | **Total** | **31,55,600** | **100.00%** |

b. Particulars of top ten shareholders ten days prior to the date of filing this Draft Red Herring Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of Total Paid-Up Capital |
|---|---|---|---|
| 1. | Arvind Harlalka | 53,400 | 1.69% |
| 2. | Sumit Harlalka | 53,400 | 1.69% |
| 3. | Ambuja Technologies Private Limited | 5,27,000 | 16.70% |
| 4. | Ambition Tie-up Private Limited | 5,72,000 | 18.13% |
| 5. | Bonanza Agency Private Limited | 6,74,700 | 21.38% |
| 6. | Talent Investment Co. Private Limited | 8,99,100 | 28.49% |
| 7. | Arvind Harlalka HUF | 2,76,000 | 8.75% |
| 8. | Sumit Harlalka HUF | 1,00,000 | 3.17% |
| | **Total** | **31,55,600** | **100.00%** |

c. Particulars of the top ten shareholders two years prior to the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of Total Paid-Up Capital |
|---|---|---|---|
| 1. . | Ambuja Technologies Private Limited | 15,500 | 24.45% |
| 2. | Gretex Corporate Services Private Limited | 14,000 | 22.08% |
| 3. | Arvind Harlalka | 100 | 0.16% |
| 4. | Ambition Tie-up Private Limited | 8,000 | 12.62% |
| 5. | Sankhu Merchandise Private Limited | 9,550 | 15.06% |
| 6. | Apsara Selections Private Limited | 16,150 | 25.47% |
| 7. | Sumit Harlalka | 100 | 0.16% |
| | **Total** | **63,400** | **100.00%** |

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

16. Neither the Lead Manager viz. Pantomath Capital Advisors Private Limited, nor their associates hold any Equity Shares of our Company as on the date of the Draft Red Herring Prospectus

17. Under-subscription in the net issue, if any, in any category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Lead Manager and the SME Platform of NSE.

18. As on the date of this Draft Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under the Companies Act.

19. None of the members of the Promoter Group, the Promoter and its directors, or our Directors and their immediate relatives have purchased or sold any Equity Shares during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the Stock Exchange except as mentioned below:

| Date of Allotment | Number of Equity Shares | Face Value (Rs.) | Transferee Name | Transfer Price (Rs.) |
|---|---|---|---|---|
| June 30, 2016 | 50,000 | 10 | Arvind Harlalka | 10.10 |
| June 30, 2016 | 50,000 | 10 | Sumit Harlalka | 10.10 |
| June 30, 2016 | 2,76,000 | 10 | Arvind Harlalka HUF | 10.10 |
| June 30, 2016 | 1,00,000 | 10 | Sumit Harlalka HUF | 10.10 |

20. There are no Equity Shares against which depository receipts have been issued.

21. Other than the Equity Shares, there are is no other class of securities issued by our Company.

22. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares have been listed. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares. However our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company

23. None of the persons / entities comprising our Promoter Group, or our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity / individual or otherwise during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

24. Our Company, our Promoters, our Directors and the Lead Manager have not entered into any buy back or standby or similar arrangements for the purchase of Equity Shares being offered through the Issue from any person.-

25. There are no safety net arrangements for this public issue.

26. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalising the Basis of Allotment. Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by our Promoters and

subject to lock- in shall be suitably increased; so as to ensure that a minimum of 20% of the post Issue paid-up capital is locked in.

27. 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.
28. As on date of this Draft Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instruments into our Equity Shares.
29. All the Equity Shares of our Company are fully paid up as on the date of the Draft Red Herring Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up equity shares.
30. As per RBI regulations, OCBs are not allowed to participate in this Issue.
31. Our Company has not raised any bridge loans against the proceeds of the Issue.
32. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
33. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
34. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
35. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
36. We have 8 (eight) shareholders as on the date of filing of the Draft Red Herring Prospectus.
37. Our Promoters and the members of our Promoter Group will not participate in this Issue.
38. Our Company has not made any public issue since its incorporation.
39. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Draft Red Herring Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
40. For the details of transactions by our Company with our Promoter Group, Group Companies for the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 please refer to paragraph titled *'Related Parties Transactions as Restated*" in the chapter titled "*Financial Statements as Restated"* on page 199 of the Draft Red Herring Prospectus. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled *"Our Management"* beginning on page 167 of the Draft Red Herring Prospectus.

## OBJECT OF THE OFFER

**The Offer consist of a fresh Issue by our Company aggregating to Rs. 210.42 lakhs, and an offer for sale of upto 9,24,000 Equity Shares aggregating to Rs. [●] lakhs by the Selling Shareholders.** The Selling Shareholders will be entitled to the proceeds of the Offer for Sale of their respective portions of the Offered Shares, respectively net of their proportion of Offer related expenses. The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law. We will not receive any proceeds from the Offer for Sale.

**Fresh Issue**

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

**Rs in Lakhs**

| Particulars | Amount |
|---|---|
| Gross Proceeds of the Fresh Issue | 210.42 |
| Less: Offer related expenses relating to Fresh Issue [(1) (2)] | [●] |
| **Net Proceeds** | **[●]** |

(1) The fees and expenses relating to the Offer includes only the Fresh Issue expenses in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law.

(2) To be finalised upon determination of the Offer Price.

After deducting the Offer related expenses in relation to the Fresh Issue, we estimate the proceeds of the fresh Issue to be Rs. [●] lakhs ("Net Proceeds"). The Object for which our Company intends to use the Net Proceeds are

1. Funding Working Capital requirements;
2. General corporate purposes

(collectively, referred to herein as "Objects")

In addition, we believe that the listing of Equity Shares on 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 of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Offer. The existing activities of our Company are within the objects clause of our Memorandum of Association.

## FUND REQUIREMENTS

The fund requirement and deployment is based on internal management estimates and our Company's current business plan and is subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy. These estimates have not been appraised by any bank or financial institution.

In view of the dynamic nature of the sector and specifically that of our business, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects.

**Means of Finance**

The requirements of the objects detailed above are intended to be funded from the Proceeds of the Fresh Issue and Internal Accruals. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Fresh Issue.

**Utilisation of Net Proceeds**

We intend to utilise the Net Proceeds from the Fresh Issue, in the manner set below:

| Sr. No. | Particulars | Amount (Rs in Lakhs) | Percentage of net Issue |
|---|---|---|---|
| 1. | Funding Working Capital Requirements | **145.39** | |
| 2. | General Corporate purpose(1) | [●] | [●] |
| | Total | [●] | [●] |

(1) To be finalised upon determination of the Offer Price.

While we intend to utilise the Fresh Issue Proceeds in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting 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 Fresh Issue. In the event of any shortfall in the Net Proceeds, we may explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders.

## SCHEDULE OF IMPLEMENTATION AND DEPLOYMENT OF NET PROCEEDS

Our Company proposes to deploy the Net Proceeds in the aforesaid objects in the financial year 2016-17. In the event that the estimated utilization of the Net Proceeds in a scheduled financial year is not completely met, the same shall be utilised in the next fiscal year. Further, if the Net Proceeds are not completely utilised for the objects stated above by financial year 2016-2017 due to factors such as (i) economic and business condition; (ii) increased competition (iii) timely completion of the issue, market conditions outside the control of the Company and (iv) other commercial conditions; the same would be utilised (in part or full) in financial year 2017-18 or a subsequent period as may be determined by our Company in accordance with applicable law.

## DETAILS OF UTILIZATION OF NET PROCEEDS OF THE FRESH ISSUE

- *Working capital Requirement*

Our business is working capital intensive. We finance our working capital requirements from bank funding, internal accruals and other sources.

As on March 31, 2015 and March 31, 2016 our Company's net working capital (Excluding of short term borrowings and current maturities of short term debt) consisted of Rs.(87.03) lakhs and 71.47 lakhs respectively based on the restated financial statements.

The total working capital requirement for the year 2016-17 is expected to be Rs. 265.35 lakhs. The incremental working capital requirement for the year ending March 31, 2017 will be Rs. 193.88 lakhs, which will be met through the Net Proceeds to the extent of Rs. 145.40 lakhs, and the balance portion will be met through internal accruals.

**Basis of estimation of working capital requirement**

The details of our Company's working capital requirement and funding of the same are based on the audited and restated standalone financial statements as at March 31, 2015 and March 31, 2016 are as set out in the table below:

**Rs in Lakhs**

| Particulars | As on March 31 | |
|---|---|---|
| | 2015 | 2016 |
| ***Current Assets*** | | |
| Inventories | | |
| Finished goods | 63.21 | 32.97 |
| WIP | 0.00 | 0.00 |
| Spares Parts | 5.00 | 5.00 |
| Trade Receivables | 120.39 | 128.11 |
| Cash and Bank Balance | 19.36 | 25.67 |
| Current Investment | 22.05 | 69.00 |
| Short term loans & advances & other current assets | 23.94 | 19.42 |
| **Total (A)** | **253.95** | **280.17** |
| **Current Liabilities** | | |
| Trade Payables | 55.62 | 28.80 |
| Other Current Liabilities & short term provisions | 285.36 | 179.90 |
| **Total (B)** | **340.98** | **208.70** |
| **Net Working Capital (A)-(B)** | **-87.03** | **71.47** |
| Incremental Working Capital | | 158.50 |
| ***Sources of Incremental Working Capital*** | | |
| Internal accruals | | 158.50 |
| **Total Source** | | **158.50** |

The details of our Company's expected working capital requirement as at March 31, 2017 is set out in the table below:

**Rs in Lakhs**

| Particulars | 2016-17 (Estimated) |
|---|---|
| ***Current Assets*** | |
| Inventories | |
| Finished goods | 59.11 |
| WIP | 40.21 |
| Raw Material & Spares Parts | 37.10 |
| Trade Receivables | 175.00 |
| Cash and Bank Balance | 40.70 |
| Short term loans & advances and other current assets | 34.81 |
| **Total (A)** | **386.93** |
| ***Current Liabilities*** | |
| Trade Payables | 58.66 |
| Other Current Liabilities & Provisions | 62.92 |
| **Total (B)** | **121.58** |
| ***Net Working Capital (A)-(B)*** | 265.35 |
| ***Incremental Working Capital**** | **193.88** |
| ***Sources Of Incremental Working Capital*** | |
| Fresh Issue Proceeds | 145.39 |
| Internal Accruals | 39.49 |
| **Total Source** | |

***Incremental Working capital is calculated by subtracting the Current year working capital from previous year net working capital.*

**Assumption for working capital requirements**

Assumptions for Holding Levels*

*(In months)*

| Particulars | Holding Level as of March 31, 2015 | Holding Level as of March 31, 2016 | Holding Level as of March 31, 2017 (Estimated) |
|---|---|---|---|
| ***Current Assets*** | | | |
| **Inventories** | | | |
| Finished Goods | 2.38 | 1.47 | 1.97 |
| WIP | 0.00 | 0.00 | 1.32 |
| Raw Material & Spares Parts | 0.21 | 0.35 | 1.37 |
| Trade Receivables | 4.12 | 4.39 | 5.00 |
| | | | |
| ***Current Liabilities*** | | | |
| Trade Payables | 2.34 | 2.02 | 1.97 |

Our Company proposes to utilize Rs. 145.39 lakhs of Net Proceeds towards working capital requirements for meeting our business requirements.

The incremental working capital requirements are based on historical Company data and estimation of the future requirements in Financial Year 2016-17 considering the growth in activities of our Company. Our Company has assumed raw material inventory of 1.37 month, finished goods inventory of 1.97 month and Work in Process of 1.32 months for the Financial Year 2016-2017.

Our Debtors cycle was of about 4.12 months and 4.39 months in Financial Year 2014-15 and 2015-2016. Further, we expect our debtors circle to be 5.00 months in FY 2016-17. Similarly we have estimated current assets, trade payables, current liabilities and short term provisions in line with working capital employed in past years and expected to be employed in Financial Year 2015-16.

***Justification for "Holding Period" levels***

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

| | |
|---|---|
| **Assets- Current Assets** | |
| **Inventories** | In FY 2016-17 we have assumed raw material and finished goods inventory of around 1.37 month and 1.97 months respectively which is on similar lines for F.Y. 2015-16. As compared to FY 2014-15, we intend to manufacture garment directly instead of jobwork and knitted fabric. |
| **Trade receivables** | In FY 2016-17 the trade receivable holding period is estimated to increase from 4.39 months in F.Y. 2015-16 to 5.00 months as we may give credit to our customers |
| **Liabilities– Current Liabilities** | |
| **Trade Payables** | In FY 2016-17, the credit period is expected to be 1.97 months which is on similar lines of FY 2015-16. As compared to FY 2014-15 the Company will strive to adhere to stricter credit policy to achieve better and favourable pricing terms and to ensure continued relation with the existing suppliers. |

- ***General Corporate Purpose***

Our Company proposes to deploy the balance Net Proceeds towards general corporate purposes, including but not limited to strategic initiatives, partnerships, alliances, tie-ups, acquisitions, investments, joint ventures and licensing of technologies, and for meeting exigencies which our Company may face in the ordinary course of business, working capital meets, meeting expenses incurred in the ordinary course of business and any other purpose as may be approved by the Board or a duly appointed committee of the Board from time to time, subject to compliance with the necessary provisions of the Companies Act. Our Company's management, in accordance with the policies of the Board, will have flexibility in utilising any surplus amounts

## OFFER RELATED EXPENSES

The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and the Selling Shareholders agree that they will reimburse our Company all such expenses. Further, all expenses incurred by the Company on behalf of the respective Selling Shareholder, in relation to appointment of any intermediary, shall be pre-authorized by the respective Selling Shareholder and shall be reimbursed by such respective Selling Shareholder, upon successful completion of the Offer, in the proportion mutually agreed between the Company, the respective Selling Shareholders. The expenses for this Offer include offer management fees, underwriting fees, registrar fees, legal advisor fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Offer are estimated not to exceed Rs. [●] Lakhs.

| Expenses | Expenses (Rs. in Lakhs)* | Expenses (% of total Offer expenses) | Expenses (% of Gross Offer Proceeds) |
|---|---|---|---|
| Payment to Merchant Banker including expenses towards printing, advertising, and payment to other intermediaries such as Registrars, Bankers etc. | [●] | [●] | [●] |
| Regulatory fees | [●] | [●] | [●] |
| Marketing and Other Expenses | [●] | [●] | [●] |
| **Total estimated Offer expenses** | **[●]** | **[●]** | **[●]** |

***As on date of the Draft Red Herring Prospectus, our Company has incurred Rs. [●] Lakhs towards Offer Expenses out of internal accruals.***

***SCSBs will be entitled to a processing fee of Rs. [●]/- per Application Form for processing of the Application Forms procured by other Application Collecting Intermediary and submitted to them.*

*Selling commission payable to Registered broker, SCSBs, RTAs, CDPs on the portion directly procured from Retail Individual Applicants and Non Institutional Applicants, would be [●]% on the Allotment Amount# or Rs [●]/- whichever is less on the Applications wherein shares are allotted.*

*The commissions and processing fees shall be payable within 30 working days post the date of receipt of final invoices of the respective intermediaries #Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

## SCHEDULE OF IMPLEMENTATION & DEPLOYMENT OF FUNDS:

Our Company proposes to deploy the Net Proceeds of Fresh Issue in the aforesaid objects in the financial year 2016-17.

| Activity | Total Amount (Rs in Lakhs) | Amount incurred till date | Deployment during FY 2016-17 |
|---|---|---|---|
| Working Capital Requirements | 145.39 | - | 145.39 |
| Genral Corporate Purpose | [●] | | [●] |

## BRIDGE FINANCING

We have not entered into any bridge finance arrangements that will be repaid from the Net Proceeds. 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 Offer. Any amount that is drawn down from the overdraft arrangement / cash credit facility during this period to finance additional working capital needs will be repaid from the Net Proceeds of the Fresh Issue.

## 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

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

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

## MONITORING UTILIZATION OF FUNDS

As the size of the Fresh Issue does not exceed Rs. 50,000 lakhs, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Fresh Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to Regulation 32 of the Listing Regulations, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Until such time as any part of the Net Proceeds remains unutilized, our Company will disclose the utilization of the Net Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Net Proceeds have been utilized so far, and details of amounts out of the Net Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Net Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a Fiscal Year, we will utilize such unutilized amount in the next financial year. Further, in accordance with Regulation 32(1) (a) of the Listing Regulations 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 Draft Red Herring Prospectus.

## VARIATION IN OBJECTS

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

## OTHER CONFIRMATIONS

No part of the proceeds of the Offer will be paid by us to the Promoters and Promoter Group, the Directors, Associates, Key Management Personnel or Group Companies except in the normal course of business and in compliance with the applicable law. However, Ambition Tie-up Private Limited, our Promoter, will receive a portion of the proceeds of the Offer for Sale, net of the respective share of Offer Expenses, as Selling Shareholders, pursuant to sale of the Equity Shares being offered by it through the Offer for Sale.

## BASIS FOR OFFER PRICE

The Offer Price of Rs. [●] per Equity Share has been determined by the Company, Selling Shareholder, in consultation with the BRLMs' on the basis of an assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is Rs.10 each and the Offer Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

## QUALITATIVE FACTORS

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

- Equipped manufacturing facilities
- Experienced management

For further details, refer to heading "*Our Competitive Strengths*" under chapter titled "*Our Business"* beginning on page 140 of this Draft Red Herring Prospectus.

## QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for Financial Year 2014, 2015 and 2016 prepared in accordance with Indian GAAP. 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 | EPS (Rs.) | Weight |
|---|---|---|
| March 31, 2014 | 0.16 | 1 |
| March 31, 2015 | 1.29 | 2 |
| March 31, 2016 | 1.08 | 3 |
| **Weighted average** | **0.99** | |

**Not annualised*

**2. Price to Earnings (P/E) ratio in relation to Offer Price of Rs. 10 per Equity Share of Rs. 10 each fully paid up.**

| Particulars | P/E Ratio on Cap Price | PE Ratio on Floor Price |
|---|---|---|
| P/E ratio based on Basic EPS for FY 2015-16 | [●] | [●] |
| P/E ratio based on Weighted Average EPS** | [●] | [●] |
| ***Industry P/E** | | |
| Lowest | | N.A |
| Highest | | N.A |
| Average | | N.A |

***Since EPS is negative, P/E is not ascertainable.*

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

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

| Year ended | RoNW (%) | Weight |
|---|---|---|
| March 31, 2014 | 1.65 | 1 |
| March 31, 2015 | 11.76 | 2 |
| March 31, 2016 | 8.28 | 3 |
| **Weighted Average** | **16.67** | |

**Note**: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year excluding miscellaneous expenditure to the extent not written off.

4. **Minimum Return on Total Net Worth post offer needed to maintain Pre Offer EPS for the year ended March 31, 2016**

| Particulars | Amount (in Rs.) |
|---|---|
| At Floor Price | [●] |
| At Cap Price | [●] |

5. **Net Asset Value (NAV)**

| Particulars | Amount (in Rs.) |
|---|---|
| Net Asset Value per Equity Share as of March 31, 2016 | 11.94 |
| Net Asset Value per Equity Share after the Offer | [●] |
| Offer Price per equity share | [●] |

Net Asset Value per Equity Share has been calculated as net worth divided by number of equity shares outstanding at the end of the period.

Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

6. **Comparison with other listed companies**

We are primarily engaged in Manufacturing / job work of knitted fabric-circular, and currently there are no listed entities which are focused exclusively on the segment in which we operate. Further the Companies which operate in this segment alongwith other fabric manufacturing companies are too huge in terms of turnover to be considered as of comparable size and hence a strict comparison with our Company is not possible.

The Company in consultation with the Book Running Lead Managers and after considering various valuation fundamentals including Book Value and other relevant factors, believes that Offer price of Rs. [●] per Equity Share for the Public Issue is justified in view of the above parameters.

For further details see section titled *"Risk Factors"* beginning on page 20 and the financials of the Company including profitability and return ratios, as set out in the section titled *"Financial Statements"* beginning on page 199 of this Draft Red Herring Prospectus for a more informed view.

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

**To,**
**The Board of Directors**
Gretex Industries Limited
158, Lenin Sarani, Room No. 7B, 3rd Floor,
Kolkata – 700 013, West Bengal, India

Dear Sirs,

**Sub: Statement of possible special tax benefits for the Financial Year 2015-16 relevant to Assessment Year 2016-17 ("the Statement") available to Gretex Industries Limited ('the Company") and its shareholders prepared in accordance with the requirements in Schedule VIII-Clause (VII) (L) of the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended ("the Regulations")**

We hereby report that the enclosed annexure, prepared by the Management of the Company, states the possible special tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 ('Act') as amended by the Finance Act, 2015 (i.e. applicable to Financial Year 2015-16 relevant to Assessment Year 2016-17), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure cover only special tax benefits available to the Company and its Shareholders and do not cover any general tax benefits available to the Company or its Shareholders. 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. A shareholder is advised to consult his/ her/ its own tax consultant with respect to the tax implications arising out of his/her/its participation in the proposed issue, particularly in view of ever changing tax laws in India.

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

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

The contents of this 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 of the Company and the provisions of the tax laws.

*No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change.

We shall not be liable to 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 of intentional misconduct.

The enclosed annexure is intended for your information and for inclusion in the Draft Red Herring Prospectus /Prospectus in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our written consent.

**For Surana Singh Rathi And Co.,**
**Chartered Accountants,**
**Firm Reg. No. 317119E**

**Renu Surana**
**Partner**
**M. No.: 061788**

**Place: Kolkata**
**Date: June 20, 2016**

## ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the Financial Year 2015-16 relevant to Assessment Year 2016-17.

### A. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE "ACT")

The Company is not entitled to any special tax benefits under the Act.

### B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (THE "ACT")

The Shareholders of the Company are not entitled to any special tax benefits under the Act.

## SECTION IV- ABOUT THE COMPANY

## OUR INDUSTRY

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled "Risk Factors" and "Financial Statements" and related notes beginning on page 20 and 199 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.*

### INTRODUCTION: TEXTILE INDUSTRY

The history of textiles in India dates back to around 3000 BC where the use of mordant dyes and printing blocks was prevalent. The diversity of fibres found in India, intricate weaving on its state-of the art manual looms and its organic dyes attracted buyers from all over the world for centuries. However, the industry faced a setback during British colonisation, when the industrial policies destroyed the innovative eco-system and left it technologically impoverished. Independent India saw the building up of textile capabilities, diversification of the product base, and the emergence of the industry, once again, as an important global player.

The Indian textiles and apparels industry is one of the oldest industries in India having evolved impressively from a domestic small scale industry to one of the largest in the world with a massive raw material and textiles manufacturing base. It is also one of the largest and most important sectors of the Indian economy in terms of output, foreign exchange earnings and employment thus contributing greatly to the exchequer. The sector has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing. Its vast potential for creation of employment opportunities in the agricultural, industrial, organised and decentralised sectors & rural and urban areas, particularly for women and the disadvantaged is noteworthy. Thus, the growth and all round development of this sector has a direct bearing on the development of the economy.

In 2013 the Indian textile industry contributed about 14% to the Index of Industrial Production, 4% to the country's GDP and 17% to the country's export earnings. Around 8% of the total excise revenue collection is contributed by the textile industry. The industry currently estimated at around US $108 billion, is expected to reach US $ 141 billion by 2021. Given these facts and the strong backward and forward linkages of the sector with other manufacturing industries, the industry is of high focus for the Government and Industry.

*(Source: The Textile & Apparels Industry – Contributing to "Make in India" October, 2015 - The Associated Chambers of Commerce and Industry of India – www.assocham.org)*

### TEXTILE AND APPAREL INDUSTRY - OVERVIEW

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 and apparel industry in India is estimated to reach US$ 141 billion by 2021 from US$ 67 billion in 2014. 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 from US$ 40 billion in 2014. Readymade garments remain the largest contributor to total textile and apparel exports from India. In FY15 the segment had a share of 40 per cent of all textile and apparel exports. Cotton and manmade textiles were the other major contributors with shares of 31 per cent and 16 per cent, respectively.

Rising government focus and favourable policies is leading to growth in the textiles and clothing industry. Foreign direct investment (FDI) in textile sector increased to US$ 1,587.8 million in FY15 from US$ 1,424.9 million in FY14. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up gradation Fund Scheme (TUFS). To promote apparel exports, 12 locations have been approved by the government to set up apparel parks for exports. As per the 12th Five Year Plan, the Government plans to provide a budgetary support of US$ 4.25 billion to textiles. Free trade with ASEAN countries and proposed agreement with European Union will also help boost exports.

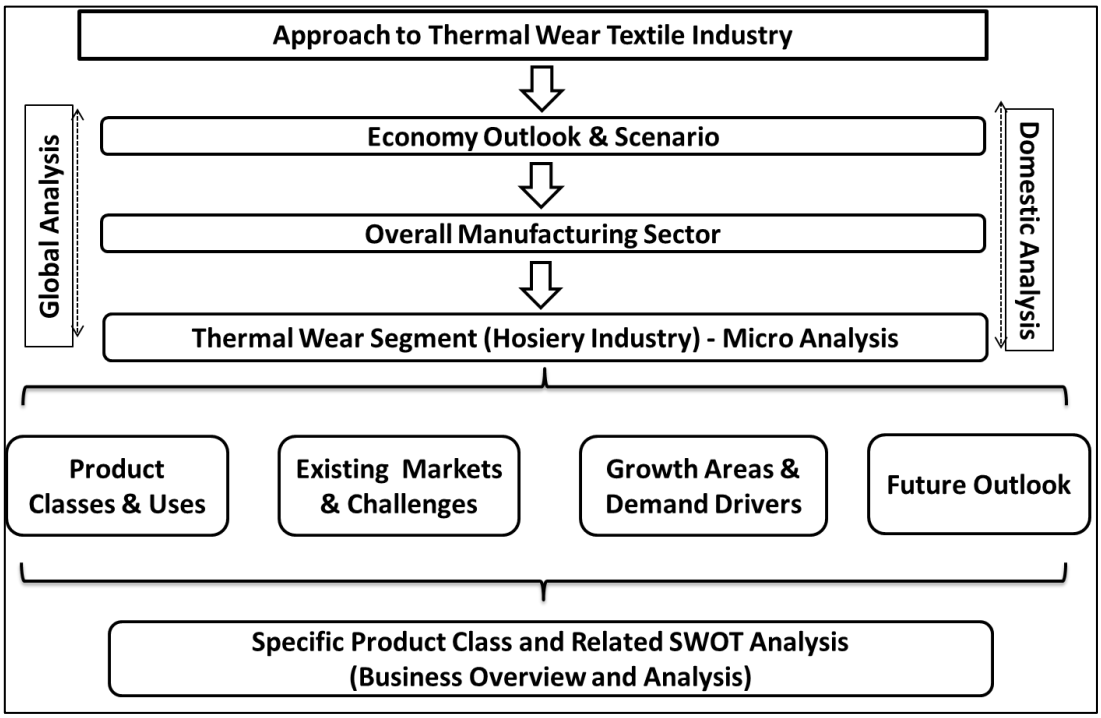
*(Source: Indian Textiles and Apparel Industry Analysis, India Brand Equity Foundation www.ibef.org)*

## APPROACH TO INDUSTRY ANALYSIS

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

Manufacturing sector comprises various industries, which in turn, have numerous sub-classes or products. One such major industry in the overall Manufacturing sector is 'Textile Industry', which in turn encompasses various components one of them being "Thermal Wear Segment".

Thus, Thermal Wear Segment should be analysed in the light of 'Textile industry' at large. An appropriate view on Thermal Wear Segment, then, calls for the overall economy outlook, performance and expectations of Manufacturing Sector, position of Textile Industry and micro analysis.



## GLOBAL ECONOMIC ENVIRONMENT

### INTRODUCTION

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

At the same time, the upcoming Budget and 2016-17 (FY-2017) economic policy more broadly, will have to contend with an unusually challenging and weak external environment. Although the major international institutions are yet again predicting that global growth will increase from its current subdued level, they assess that risks remain tilted to the downside. This uncertain and fragile outlook will complicate the task of economic management for India.

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

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

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

In either case, foreign demand is likely to be weak, forcing India in the short run to find and activate domestic sources of demand to prevent the growth momentum from weakening. At the very least, a tail risk event would require Indian monetary and fiscal policy not to add to the deflationary impulses from abroad. The consolation would be that weaker oil and commodity prices would help keep inflation and the twin deficits in check.

*(Source: Economic Survey 2015-16-Volume I; www.indiabudget.nic.in)*

### GLOBAL ECONOMIC OVERVIEW

The global macroeconomic landscape is currently chartering a rough and uncertain terrain characterized by weak growth of world output. The situation has been exacerbated by; (i) declining prices of a number of commodities, with reduction in crude oil prices being the most visible of them, (ii) turbulent financial markets (more so equity markets), and (iii) volatile exchange rates. These conditions reflect extreme risk-aversion behaviour of global investors, thus putting many, and in particular, commodities exporting economies under considerable stress.

One important positive outcome in 2015 is the modest pickup in the growth of some of the advanced economies. However, growth in emerging market and developing economies declined for the fifth consecutive year. As a result, overall global economic activity remained subdued in 2015. In its latest Update of the World Economic Outlook (WEO), published on 19 January 2016, the IMF projected growth in the global economy to improve from 3.1 per cent in 2015, to 3.4 per cent in 2016 and

further to 3.6 per cent in 2017. Growth in advanced economies is projected at 2.1 per cent in 2016 and to continue through 2017 at the same rate.

The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large Emerging Market and Developing economies (EMDE) are likely to continue to weigh on their growth prospects in 2016–17. Assessments indicate that mixed inflation developments in the EMDEs reflect the conflicting implications of weak domestic demand and lower commodity prices versus marked currency depreciations over the past year. The WEO update also indicated that India and the rest of emerging Asia are bright spots, with some other countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness. World trade volume growth projections have been placed at 2.6 per cent and 3.4 per cent respectively for 2015 and 2016, which is much lower than what was estimated earlier in WEO in October 2015.

*(Source: Economic Survey 2015-16-Volume II; www.indiabudget.nic.in)*

## GLOBAL OUTLOOK FOR GROWTH

One important positive outcome in 2015 was the modest pick-up in growth in some of the advanced economies. It might be recalled that after falling in 2009 due to the 2008 global financial crisis, growth in emerging and developing economies rebounded in 2010 and 2011. While advanced economies also exhibited a recovery in 2010 thanks to the large stimuli, global growth continued to be tepid relative to the average of the decade ending 2006, largely on account of the slowdown in advanced economies. Spill over effects of the crisis may have been large, prolonged and bi-directional, given that the global integration is far greater than in the prior decade. This has made the task of projecting global economic outlook arduous. This uncertainty has led to the International Monetary Fund (IMF) revising the global growth outlook in its World Economic Outlook (WEO) four times a year since 2009.

In its latest WEO Update, published on 19 January 2016, the IMF has projected growth in the global economy to go up from 3.1 per cent in 2015 to 3.4 per cent in 2016 and further to 3.6 per cent in 2017, slightly lower than the projection published in October 2015. Growth in advanced economies is revised by 0.2 percentage points in 2016 to 2.1 per cent, to continue through 2017. Growth in the US is expected to remain resilient owing to strengthening of the housing and labour markets. Growth in the euro area is expected to increase due to stronger private consumption supported by lower oil prices and easy financial conditions is expected to outweigh the weakening in net exports. Growth in Japan is also expected to consolidate in 2016, on the back of fiscal support, lower oil prices, accommodative financial conditions, and rising incomes.

Overall global economic activity remained subdued in 2015, as growth in emerging market and developing economies (EMDE) declined for the fifth consecutive year and recovery in advanced economies was modest. This is also attributable to the changing composition of the global economy and relative point contributions to global growth. The fall in the contribution of the EMDEs is not being made good by the advanced economies. A recent feature is that the Chinese economy is gradually slowing down and is transitioning from investment demand to consumption demand and from manufacturing to services. The concern over the spill over's of subdued global growth to other economies through trade channels and weaker commodity prices is manifest in diminishing confidence and increasing volatility in financial markets. In addition, a dual monetary policy-a gradual tightening in monetary policy in the US in the backdrop of its resilient recovery and easy monetary policy in several other major advanced economies has led to continued uncertainties and poses challenges for the year ahead. In the case of EMDEs, growth remained subdued at 4 per cent in 2015, but is projected to increase to 4.3 per cent in 2016 and 4.7 per cent in 2017. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17. Assessments indicate that mixed inflation developments in EMDEs reflect the conflicting implications of weak domestic demand and lower commodity prices versus marked currency depreciations over the past year.

The 19 January WEO Update also indicated that India and the rest of emerging Asia are bright spots, albeit with some countries facing strong headwinds from China's economic rebalancing and global

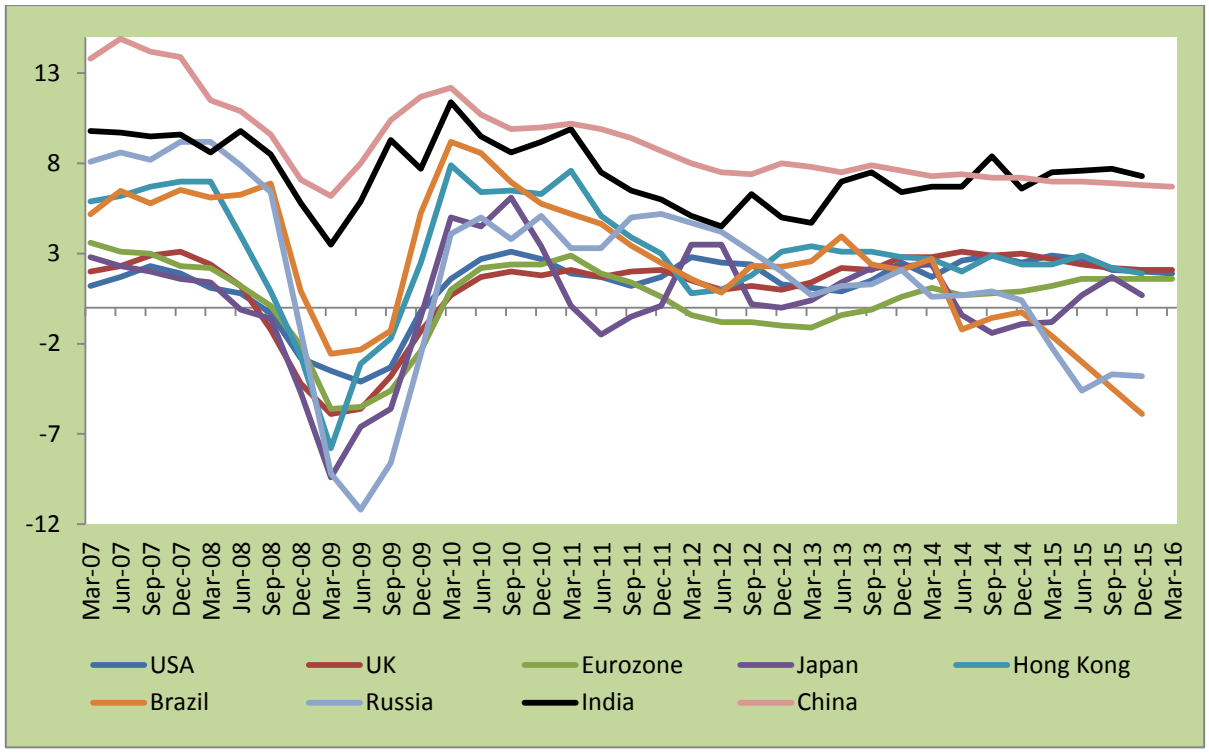
manufacturing weakness. The IMF's growth forecast for India is 7.5 per cent in 2016 and 2017 and this surpasses the projection of 6.3 per cent and 6.0 per cent respectively for China. The level of global economic activity has a significant and direct bearing on the growth prospects of the emerging economies through trade channels. As per the Update, world trade volume growth projections have been placed at 3.4 per cent and 4.1 per cent respectively for 2016 and 2017 lower by 0.7 percentage points to 0.5 percentage point respectively from WEO, October 2015. The World Bank's Report on Global Economic Prospects (January 2016) also estimated that India will grow by a robust 7.8 per cent in 2016 and 7.9 per cent in the following two years. Compared to other major developing countries, the report maintained that India is well positioned to withstand near-term headwinds and volatility in global financial markets due to reduced external vulnerabilities, a strengthening domestic business cycle, and a supportive policy environment.

*(Source: Economic Survey 2015-16-Volume II; www.indiabudget.nic.in)*

## OVERVIEW GLOBAL ECONOMY

The world economy stumbled in 2015, amid weak aggregate demand, falling commodity prices and increasing financial market volatility in major economies. The world gross product is projected to grow by a mere 2.4 per cent in 2015, marking a downward revision from the 2.8 per cent forecast in the World Economic Situation and Prospects as of mid-2015. The growth rates of gross fixed capital formation and aggregate demand continue to remain subdued. The world economy is projected to grow by 2.9 percent in 2016 and 3.2 percent in 2017, supported by generally less restrictive fiscal and still accommodative monetary stances worldwide. The anticipated timing and pace of normalization of the United States monetary policy stance is expected to reduce policy uncertainties. While preventing expressive volatility in exchange rate and asset prices. The improvement in global growth is also predicated on easing of downward pressures on commodity prices, which should encourage new investments and lift growth, particularly in commodity dependent economies.

**Year-on-Year Real GDP growth rates of major countries/ region (percent)**

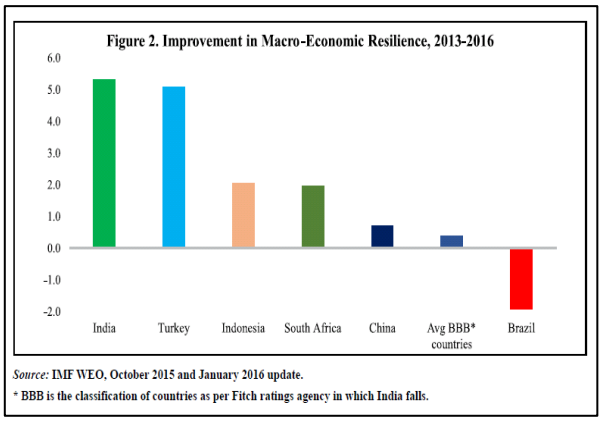


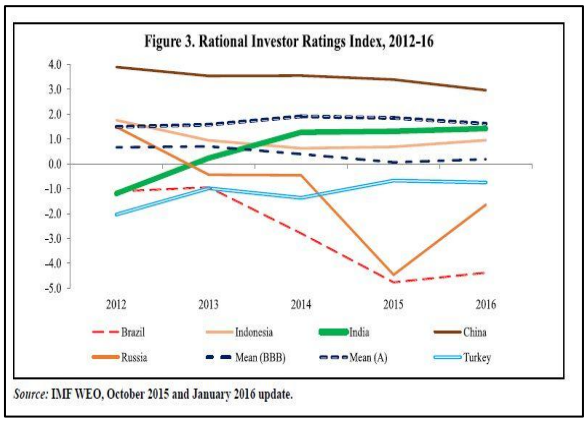

(Source: SEBI Bulletin, April 2016 Volume 14 Number 4 www.sebi.gov.in)

## THE INDIAN ECONOMY

The Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. A sense of this turnaround is illustrated by a cross-country comparison. In last year's Survey, we had constructed an overall index of macroeconomic vulnerability, which adds a country's fiscal deficit, current account deficit, and inflation. This index showed that in 2012 India was the most vulnerable of the major emerging market countries. Subsequently, India has made the most dramatic strides in reducing its macro-vulnerability. Since 2013, its index has improved by 5.3 percentage points compared with 0.7 percentage points for China, 0.4 percentage points for all countries in India's investment grade (BBB), and a deterioration of 1.9 percentage points in the case of Brazil (Figure 2).

If macro-economic stability is one key element of assessing a country's attractiveness to investors, its growth rate is another. In last year's Survey we had constructed a simple Rational Investor Ratings Index (RIRI) which combined two elements, growth serving as a gauge for rewards and the macro-economic vulnerability index proxying for risks. The RIRI is depicted in Figure 3; higher levels indicate better performance. As can be seen, India performs well not only in terms of the change of the index but also in terms of the level, which compares favourably to its peers in the BBB investment grade and even its "betters" in the A grade1.As an investment proposition, India stands out internationally.




*(Source: Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)*

## REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY

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

- Even as real growth has been accelerating, nominal growth has been falling, to historically low levels, an unusual trend highlighted in the Mid-Year Economic Analysis (MYEA), 2015-16.
- According to the Advance Estimates, nominal GDP (GVA) is likely to increase by just 8.6 (6.8) percent in 2015-16.
- In nominal terms, construction is expected to stagnate, while even the dynamic sectors of trade and finance are projected to grow by only 7 to 73/4 percent.
- Inflation remains under control The CPI-New Series inflation has fluctuated around 51/2 percent, while measures of underlying trends—core inflation, rural wage growth and minimum support price increases—have similarly remained muted. Meanwhile, the WPI has

been in negative territory since November 2014, the result of the large falls in international commodity prices, especially oil. As low inflation has taken hold and confidence in price stability has improved, gold imports have largely stabilized, notwithstanding the end of a period of import controls

- Similarly, the external position appears robust. The current account deficit has declined and is at comfortable levels; foreign exchange reserves have risen to US$351.5 billion in early February 2016, and are well above standard norms for reserve adequacy; net FDI inflows have grown from US$21.9 billion in April-December 2014-15 to US$27.7 billion in the same period of 2015-16; and the nominal value of the rupee, measured against a basket of currencies, has been steady. India was consequently well-positioned to absorb the volatility from the U.S. Federal Reserve actions to normalize monetary policy that occurred in December 2015. Although the rupee has declined against the dollar, it has strengthened against the currencies of its other trading partners.
- The fiscal sector registered three striking successes: on-going fiscal consolidation, improved indirect tax collection efficiency; and an improvement in the quality of spending at all levels of government.
- Government tax revenues are expected to be higher than budgeted levels. Direct taxes grew by 10.7 per cent in the first 9 months (9M) of 2015-16. Indirect taxes were also buoyant. In part, this reflected excise taxes on diesel and petrol and an increase in the Swachh Bharat cess. The central excise duty collection from petroleum products during April to December 2015-16 recorded a growth of 90.5 per cent and stood at Rs.1.3 lakh crore as against Rs. 0.7 lakh crore in the same period last year. Tax performance also reflected an improvement in tax administration because revenues increased even after stripping out the additional revenue measures (ARMs). Indirect tax revenues grew by 10.7 per cent (without ARMs) and 34.2 per cent (with ARMs).
- The main findings are that a welcome shift in the quality of spending has occurred from revenue to investment, and towards social sectors. Aggregate public investment has increased by about 0.6 per cent of GDP in the first 8 months of this fiscal year, with contributions from both the Centre (54 per cent) and states (46 per cent).

*(Source: Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)*

## DEVELOPMENTS IN THE CAPITAL MARKET

### PRIMARY MARKET

In 2015-16 (April-December), resource mobilization through the public and right issues has surged rapidly as compared to the last financial year. During 2015-16 (April- December), 71 companies have accessed the capital market and raised Rs.51,311 crore, compared to Rs.11,581 crore raised through 61 issues during the corresponding period of 2014-15.

The small and medium enterprises (SME) platform of the stock exchange is intended for small and medium sized companies with high growth potential, whose post issue paid-up capital is less than or equal to Rs. 25 crore. During 2015-16 (April- December), 32 companies were listed on the SME platform, raising a total amount of Rs.278 crore as compared to Rs.229 crore raised through 28 issues in the corresponding period of 2014-15.

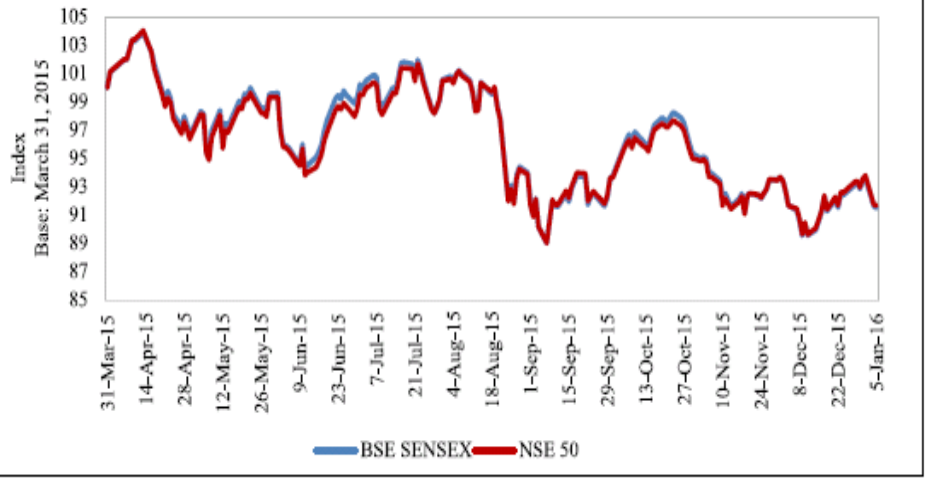
Resources mobilized by mutual funds during April-December 2015 also increased substantially to Rs.1,61,696 crore from Rs.87,942crore mobilized during the same period of the previous year.

### SECONDARY MARKET

During 2015-16 so far, the Indian securities market has remained subdued (Figure 3.9). The Bombay Stock Exchange (BSE) Sensex declined by 8.5 per cent (upto 5 January 2016) over end-March 2015, mainly on account of turmoil in global equity markets in August 2015 following slowdown in China and its currency devaluation and slump in stocks. On 4 January 2016, weak Chinese manufacturing

data again led to a global sell-off which caused the BSE Sensex also to decline by 538 points (2.1per cent).The downward trend in the Indian stock market was also guided by mixed corporate earnings for Q1 and Q2 of 2015- 16, FPIs' concern over minimum alternative tax (MAT), weakening of the rupee against the US dollar, investor concern over delay in passage of the Goods and Services Tax(GST) Bill, uncertainty over interest rate hike by US Fed and selling by FPIs. However, the Indian equity market has been relatively resilient during this period compared to the other major EMEs. The Indian stock market withstood the US Fed increase in interest rates in December 2015.

**Figure 3.9: Movement in BSE Sensex and Nifty 50**




*Source:* SEBI

*(Source: Economic Survey 2015-16-Volume II, www.indiabudget.nic.in)*

## INDUSTRIAL PERFORMANCE

The Index of Industrial Production (IIP) which provides quick estimates of the performance of key industrial sectors has started showing upward momentum. As per IIP, the industrial sector broadly comprising mining, manufacturing and electricity attained 3.1 per cent growth during April-December 2015-16 as compared to 2.6 per cent during the same period of 2014- 15 due to the higher growth in mining and manufacturing sectors (Table 6.1). The mining, manufacturing and electricity sectors grew by 2.3 per cent, 3.1 per cent, and 4.5 per cent respectively during April-December 2015-16. The mining sector growth was mainly on account of higher coal production. The manufacturing sector was propelled by the higher production by the industry groups like furniture; wearing apparel, dressing and dyeing of fur; motor vehicles, trailers & semitrailers; chemicals and chemical products; refined petroleum products & nuclear fuel; and wood& products of wood. The growth in electricity is mainly contributed by higher growth in generation of thermal and nuclear sector.

In terms of use based classification, consumer durable goods have witnessed a remarkable growth at 12.4 per cent during April-December 2015-16. Basic goods and capital goods have registered 3.4 per cent and 1.7 per cent growth with intermediate goods by 1.9 per cent (Table 6.1).

The eight core infrastructure supportive industries, coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity that have a total weight of nearly 38 per cent in the IIP, registered a cumulative growth of 1.9 per cent during April-December 2015-16 as compared to 5.7 per cent during April-December 2014-15. Month-wise performance of the eight core sectors shows that the production of coal and fertilizers have increased substantially, while that of crude oil, natural gas and steel have mostly been negative. Refinery products, cement and electricity have attained moderate growth. Clearances for coal projects have facilitated production of coal. Crude oil and natural gas production declined because of a fall in production by Oil and Natural Gas Corporation (ONGC), Oil India Limited (OIL) and also private/joint venture (JV) companies in different months. In electricity generation, while the thermal and nuclear sectors have registered higher growth, the hydro sector has not performed well.

| Table 6.1: IIP-based Growth Rates of Broad Sectors/ Use-based Classification (in per cent) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Weight | 2013-14 | 2014-15 | 2014-15 | | | | 2015-16 | | | |
| | | | | Q1 | Q2 | Q3 | Apr.-Dec. | Q1 | Q2 | Q3 | Apr.-Dec. |
| General | 100.00 | -0.1 | 2.8 | 4.5 | 1.3 | 2.0 | 2.6 | 3.3 | 4.8 | 1.5 | 3.1 |
| Sectoral | | | | | | | | | | | |
| Mining | 14.16 | -0.6 | 1.5 | 3.0 | 0.5 | 2.1 | 1.8 | 0.4 | 3.1 | 3.3 | 2.3 |
| Manufacturing | 75.53 | -0.8 | 2.3 | 3.9 | 0.4 | 1.1 | 1.8 | 3.7 | 4.7 | 0.9 | 3.1 |
| Electricity | 10.32 | 6.1 | 8.4 | 11.3 | 9.4 | 9.4 | 10.0 | 2.3 | 6.8 | 4.4 | 4.5 |
| Use Based | | | | | | | | | | | |
| Basic goods | 45.68 | 2.1 | 7.0 | 8.7 | 7.0 | 8.3 | 8.0 | 4.7 | 4.4 | 1.3 | 3.4 |
| Capital goods | 8.83 | -3.6 | 6.4 | 13.6 | -0.5 | 3.2 | 5.1 | 2.0 | 13.4 | -10.0 | 1.7 |
| Intermediate goods | 15.69 | 3.1 | 1.7 | 3.1 | 1.6 | 0.8 | 1.8 | 1.6 | 2.2 | 1.9 | 1.9 |
| Consumer goods | 29.81 | -2.8 | -3.4 | -3.2 | -5.4 | -6.4 | -4.9 | 2.5 | 2.7 | 6.8 | 4.0 |
| Consumer durables | 8.46 | -12.2 | -12.6 | -9.5 | -15.5 | -20.9 | -15.2 | 3.7 | 11.9 | 23.4 | 12.4 |
| Consumer non-durables | 21.35 | 4.8 | 2.8 | 1.4 | 2.3 | 3.2 | 2.3 | 1.7 | -3.0 | -1.6 | -1.0 |

*Source:* CSO

Table 6.1 depicts three months moving average month-on-month (M-o-M) growth of the IIP, manufacturing and eight core industries. The growth in industrial production, manufacturing sector and the eight core sectors started picking up again in December 2015. It is expected that the uptick in growth rate will be maintained due to revival in manufacturing production.

While the overall IIP has shown recovery, there is variation in the performance of some of the major industries during April-December 2015. While some sectors like electricity, coal, fertilizers, cement and passenger cars have shown positive growth, sectors like steel and aluminium have shown negative growth during April-December 2015.

*(Source: Economic Survey 2015-16-Volume-II, www.indiabudget.nic.in)*

## MICRO SMALL AND MEDIUM ENTERPRISES SECTOR

With 3.6 crore units spread across the country, that employ 8.05 crore people, Micro, Small and Medium Enterprises (MSME) have a contribution of 37.5 per cent to the country's GDP. The sector has huge potential for helping address structural problems like unemployment, regional imbalances, unequal distribution of national income and wealth across the country. Due to comparatively low capital costs and their forward-backward linkages with other sectors, MSMEs will play a crucial role in the success of the Make in India initiative.

Realizing the importance of the MSME sector, the government has undertaken a number of schemes/programmes like the Prime Minister's Employment Generation Programme (PMEGP), Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE), Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Up gradation, Scheme of Fund for Regeneration of Traditional Industries (SFURTI), and Micro and Small Enterprises- Cluster Development Programme (MSECDP) for the establishment of new enterprises and development of existing ones. Some of the new initiatives undertaken by the government for the promotion and development of MSMEs are as follows:

- **Udyog Aadhar Memorandum (UAM):** The UAM scheme, which was notified in September 2015 under section 8 of the MSME Development Act 2006, is a path-breaking step to promote ease of doing business for MSMEs. Under the scheme, MSME entrepreneurs just need to file an online entrepreneurs' memorandum to instantly get a unique Udyog Aadhaar Number (UAN). The information sought is on self-certification basis and no supporting documents are required. This marks a significant improvement over the earlier complex and cumbersome procedure.
- **Employment Exchange for Industries:** To facilitate match making between prospective job seekers and employers an employment exchange for industries was launched on June 15,

2015 in line with Digital India. More than 3.42 lakh job seekers have been registered on the portal as on December 30, 2015.

- **Framework for Revival and Rehabilitation of MSMEs:** Under this framework, which was notified in May 2015, banks have to constitute a Committee for Distressed MSME enterprises at zonal or district level to prepare a Corrective Action Plan (CAP) for these units.
- **A scheme for Promoting Innovation and Rural Entrepreneurs (ASPIRE):** ASPIRE was launched on March 16, 2015 with the objective of setting up a network of technology centres and incubation centres to accelerate entrepreneurship and promote start-ups for innovation and entrepreneurship in rural and agriculture based industry.

In addition, the government intends to provide more credit to MSME sectors, especially in the rural areas, focusing on skill development, encouraging entrepreneurial activities with optimistic mindset among rural youth and creating job opportunities among rural women, for high, inclusive and sustained industrial growth

*(Source: Economic Survey 2015-16-Volume II, www.indiabudget.nic.in)*

## OUTLOOK FOR GROWTH

Real GDP growth for 2015-16 is expected to be in the 7 to $7^{3/4}$range, reflecting various and largely offsetting developments on the demand and supply sides of the Indian economy. Before analysing these factors, however, it is important to step back and note one important point. India's long-run potential GDP growth is substantial, about 8-10 percent. But its actual growth in the short run will also depend upon global growth and demand. After all, India's exports of manufactured goods and services now constitute about 18 percent of GDP, up from about 11 percent a decade ago.

Reflecting India's growing globalization, the correlation between India's growth rate and that of the world has risen sharply to reasonably high levels. For the period 1991-2002 this correlation was 0.2. Since then, the correlation has doubled to 0.42. In other words, a 1 percentage point decrease in the world growth rate is now associated with a 0.42 percentage point decrease in Indian growth rates.

Accordingly, if the world economy remains weak, India's growth will face considerable headwinds. For example, if the world continues to grow at close to 3 percent over the next few years rather than returning to the buoyant 4-4½ per cent recorded during 2003-2011, India's medium-term growth trajectory could well remain closer to 7-7½ per cent, notwithstanding the government's reform initiatives, rather than rise to the 8-10 per cent that its long-run potential suggests. In other words, in the current global environment, there needs to be a recalibration of growth expectations and consequently of the standards of assessment.

Turning to the outlook for 2016-17, we need to examine each of the components of aggregate demand: exports, consumption, private investment and government.

- To measure the demand for India's exports, we calculate a proxy-weighted average GDP growth rate of India's export partners. The weights are the shares of partner countries in India's exports of goods and services. We find that this proxy for export demand growth declined from 3.0 percent in 2014 to 2.7 per cent in 2015, which helps explain the deceleration in India's non-oil exports, although the severity of the slowdown in fact, a decline in export volume—went beyond adverse external developments. Current projections by the IMF indicate that trading partner growth this demand will improve marginally this year to about 2.8 percent. But the considerable downside risks suggest that it would be prudent not to count on a big contribution to GDP growth from improving export performance.
- On the domestic side, two factors could boost consumption. If and to the extent that the Seventh Pay Commission (7th PC) is implemented, increased spending from higher wages and allowances of government workers will start flowing through the economy. If, in addition, the monsoon returns to normal, agricultural incomes will improve, with attendant gains for rural consumption, which over the past two years of weak rains has remained depressed.

- Against this, the disappearance of much of last year's oil windfall would work to reduce consumption growth. Current prospects suggest that oil prices (Indian crude basket) might average US$ 35 per barrel next fiscal year compared with US$ 45 per barrel in 2015-16. The resulting income gain would amount roughly equivalent to 1 percentage point of GDP – an 18 per cent price decline times a share of net oil imports in GDP of 6 percent. But this would be half the size of last year's gain, so consumption growth would slow on this account next year.
- According to analysis done by Credit Suisse, (non-financial) corporate sector profitability has remained weak, falling by 1 percent in the year to December 2015.This decline reflected a sharp deterioration in the financial health of the metals primarily steel companies, which have now joined the ranks of companies under severe financial stress. As a result, the proportion of corporate debt owed by stressed companies, defined as those whose earnings are insufficient to cover their interest obligations, has increased to 41 percent in December 2015, compared to 35 percent in December 2014.3 In response to this stress, companies have once again been compelled to curb their capital expenditures substantially.
- Finally, the path for fiscal consolidation will determine the demand for domestic output from government. The magnitude of the drag on demand and output will be largely equal to the size of consolidation, assuming a multiplier of about 1.
- There are three significant downside risks. Turmoil in the global economy could worsen the outlook for exports and tighter financial conditions significantly. Second, if contrary to expectations oil prices rise more than anticipated, this would increase the drag from consumption, both directly, and owing to reduced prospects for monetary easing. Finally, the most serious risk is a combination of the above two factors. This could arise if oil markets are dominated by supply-related factors such as agreements to restrict output by the major producers.
- The one significant upside possibility is a good monsoon. This would increase rural consumption and, to the extent that it dampens price pressures, open up further space for monetary easing.
- Putting these factors together, we expect real GDP growth to be in the 7 to 7 $^{3/4}$ per cent range, with downside risks because of on-going developments in the world economy. The wider range in the forecast this time reflects the range of possibilities for exogenous developments, from a rebound in agriculture to a full-fledged international crisis; it also reflects uncertainty arising from the divergence between growth in nominal and real aggregates of economic activity.

*(Source: Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)*

## INDIA'S INCREASING IMPORTANCE TO GLOBAL GROWTH

Despite global headwinds and a truant monsoon, India registered robust growth of 7.2 per cent in 2014-15 and 7.6 per cent in 2015-16, thus becoming the fastest growing major economy in the world. As per the estimates of the International Monetary Fund (IMF), global growth averaged 3.1 per cent in 2015, declining from 3.4 per cent registered in 2014. While growth in advanced economies has improved modestly since 2013, the emerging economies have witnessed a consistently declining trend in growth rate since 2010. It is against this background that the recent Indian growth story appears particularly bright.

India has made striking progress in its contribution to the global growth of Gross Domestic Product (GDP) in Purchasing Power Parity (PPP) terms. PPP represents the number of units of a country's currency required to purchase the same amount of goods and services in the domestic market as the US dollar would purchase in the United States, thus adjusting for purchasing power differentials between currencies in relevant markets. India's contribution to global growth in PPP terms increased from an average of 8.3 per cent during the period 2001 to 2007 to 14.4 per cent in 2014. During the 1990s, the US's contribution to the global GDP growth in PPP terms was, on an average, around 16 percentage points higher than India's. The picture changed dramatically in 2013 and 2014 when India's contribution was higher than that of the US by 2.2 and 2.7 percentage points respectively. During 1991-2014, low growth in Japan (0.9 per cent annually) resulted in its low contribution (1.5

per cent) to global growth. India and China constitute 42.5 per cent and 53.2 per cent respectively of the total PPP measure of the lower-middle income countries and upper-middle income countries; and hence those country groups largely reflect India's and China's patterns.

The global economy in particular the global growth powerhouse, China is rebalancing, leading to an increasing role for India. After the onset of the multiple crises in different parts of the world, India's contribution has become much more valuable to the global economy.

India's share in world GDP has increased from an average of 4.8 per cent during 2001-07 to 6.1 per cent during 2008-13 and further to an average of 7.0 per cent during 2014 to 2015 in current PPP terms (IMF). India's resilience and current levels of reasonably strong growth should, thus, be appreciated in the light of its increasing contribution to global growth.

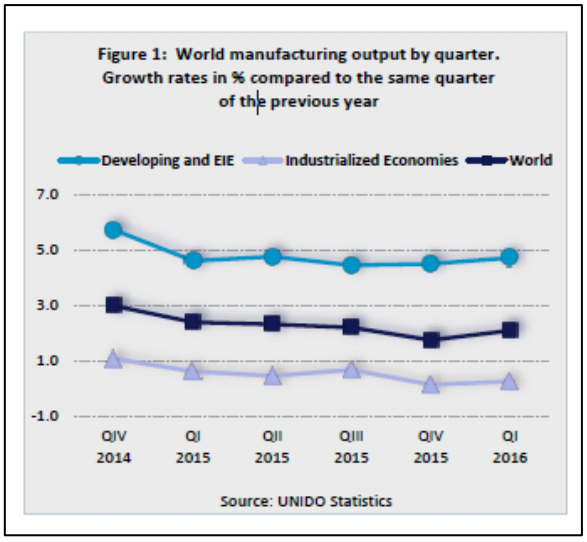
*(Source: Economic Survey 2015-16-Volume II, www.indiabudget.nic.in)*

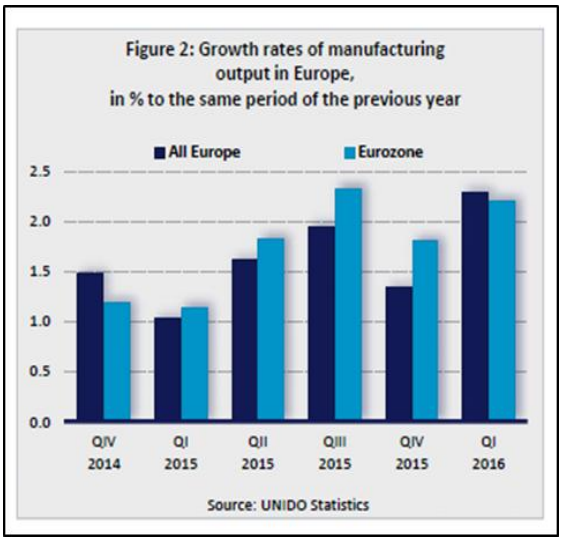
## GLOBAL MANUFACTURING SECTOR

### World manufacturing growth in the first quarter of 2016

World manufacturing growth continued to be sluggish in the first quarter of 2016 due to the fragile recovery process in industrialized economies and significantly weakened growth prospects in developing and emerging industrial economies. China, which has emerged as the largest global manufacturer in the aftermath of the protracted economic crisis, has entered a transition period and has adopted a more balanced pace, thus pushing the average industrial growth of emerging industrial economies downward. World manufacturing growth has also been affected by the generally lower growth pace in the United States and Japan, the second and third largest manufacturers in the world. Increasing pressure associated with financial volatility and falling oil prices has contributed to the instability of manufacturing growth in industrialized economies.

Despite the protracted period of low growth in industrialized as well as in developing and emerging economies, there is no sign of an imminent recession in global industrial production. World manufacturing output rose by 2.1 per cent in the first quarter of 2016 compared to the same period of the previous year, which is slightly higher than 1.8 per cent growth estimated for the last quarter of 2015. The production of durable goods, motor vehicles and consumer electronics is rising in industrialized and in developing economies. These positive growth trends were observed across country groups (Figure 1).




Industrialized economies marginally increased their quarterly growth rate in the first quarter of 2016 to 0.3 per cent from 0.2 per cent in the previous quarter. Some improvement in growth performance was observed in Europe, where manufacturing output rose by 2.3 per cent in the first quarter of 2016 compared to the same period of the previous year. The growth of manufacturing output slightly increased in North America in the first quarter of 2016, but was still below 1.0 per cent. East Asia

experienced a major blow, with manufacturing output dropping by nearly 3.0 per cent in the first quarter of 2016. Production decline was reported in two of East Asia's major manufactures, Japan and the Republic of Korea. Japan's yen began rising against other major currencies against the backdrop of an increased trade balance due to an earlier export surge, which has adversely affected manufacturing production in recent months. Production decline in East Asia had a negative impact on the manufacturing growth of industrialized countries as a whole.

Manufacturing growth in developing and emerging industrial economies remains weak due to a further slowdown in capital inflows from industrialized economies and a significant decline in exports. The slow recovery of industrialized economies and their dependence on external markets has exposed domestic structural problems in developing and emerging industrial economies, which have now been further compounded due to falling oil prices, compression of demand in domestic markets and high fluctuation in commodity prices. The downward trend of net capital inflows to developing economies continued, while exports from developing economies dropped by 13.0 per cent in 2015 (UNCTAD).

Despite the prolonged period of weak growth, developing and emerging industrial economies contributed around 90.0 per cent of global manufacturing growth in the first quarter of 2016. Manufacturing output in developing and emerging industrial economies increased by 4.7 per cent in the first quarter, slightly higher than in the previous quarter (4.5 per cent). As depicted in Figure 1, the pace of growth in both country groups exhibit similar trends but the level of growth has been consistently higher in developing and emerging industrial economies than in industrialized countries. However, growth performance varied considerably among the regions. While Asian economies persevered, manufacturing output dropped in Africa and Latin America. Manufacturing output declined in Egypt and South Africa in the first quarter of 2016. Similarly, a sharp plunge in production was observed in Brazil as a result of overall economic recession.

## Industrialized economies

Industrialized countries maintained a positive growth of manufacturing output overall in the first quarter of 2016, however, the pace has been too slow over a protracted period. The average quarterly growth of industrialized economies in 2015 was below 1.0 per cent, and only 0.3 per cent in the first quarter of 2016 compared to the same period of the previous years. Growth in industrialized economies in the first quarter of 2016 was characterized by moderate growth in Europe and North America and a negative trend in East Asia. This trend has persisted for quite some time.

Among the industrialized regions, Europe's manufacturing output has grown consistently since 2014. Manufacturing output in the first quarter of 2016 rose by 2.3 per cent compared to the same period of the previous year. This is the highest growth rate registered in Europe since early 2014. The growth figures were positive for the majority of European countries, with strong growth performance of around 7.0 per cent or more being observed in Switzerland, Ireland, Lithuania and Slovenia.

At the peak of financial instability, UNIDO's Quarterly Reports presented disaggregated data for the eurozone economies to distinguish their growth trends from the rest of Europe. This difference seems to have disappeared in recent quarters. The growth trends for these two groups converged at the beginning of 2016. Eurozone economies, assisted by lower energy prices and a weaker euro, indicated a 2.2 per cent growth of manufacturing output in the first quarter of 2016. Germany, the largest manufacturer among the eurozone countries, performed well with an increase of 1.8 per cent in manufacturing output. Manufacturing output rose by 2.1 per cent in Italy and by 0.9 per cent in France. Manufacturing output also rose in Belgium (2.5 per cent), in the Netherlands (1.5 per cent) and in Spain (4.9 per cent). Greece recorded a second consecutive quarter of positive growth, with manufacturing output rising by 1.4 per cent in the first quarter of 2016.

Outside the eurozone, the manufacturing output of the United Kingdom declined by 1.3 per cent in the first quarter of 2016 compared to the same period of 2015. A potential Brexit has created considerable uncertainty, affecting business environment confidence and resulting in negative growth of manufacturing output. Among the other economies, the falling oil prices has hit the manufacturing output of Norway and the Russian Federation particularly hard, where output dropped by 6.4 per cent

and 3.4 per cent, respectively. The manufacturing output of East European countries demonstrated a relatively higher growth rate of 3.4 per cent in Poland, 7.3 per cent in Croatia and 5.3 per cent in Bulgaria.

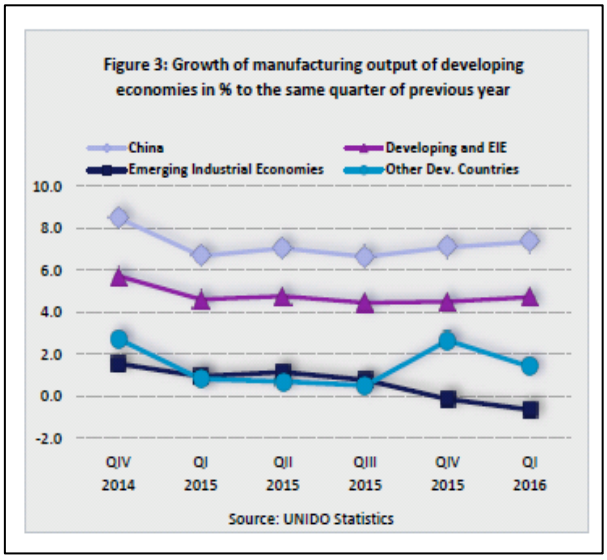
The industrial production index in North America rose by 0.9 per cent in the first quarter of 2016. Canada outperformed the United States with a 2.7 per cent growth of manufacturing output, attributable primarily to the high growth in the production of motor vehicles. US manufacturing output rose by merely by 0.7 per cent against the backdrop of a decline in competitiveness due to a strong dollar and weak consumer spending.

In East Asia, manufacturing output rose in Malaysia by 4.2 per cent, while other major economies observed negative growth. Manufacturing output dropped by 3.2 per cent in Japan, 1.8 per cent in Singapore and by 3.8 per cent in the Republic of Korea. The manufacturing output of the industrialized economies of East Asia fell by 2.9 per cent.

## Developing and emerging industrial economies

A slowdown in China and a downturn in Latin America have impacted the overall growth of manufacturing in developing and emerging industrial economies. The slowdown in China was modest; manufacturing output rose by 7.4 per cent. This is one of the slowest growth rates since 2005, but not when compared with other economies of the world. Due to strong domestic demand, China's manufacturing has proven resilient to external shocks. Compared to other economies, China has maintained relatively high growth rates under conditions of declining capital inflow and exports.

Latin American economies, on the other hand, were not equally resilient and were negatively affected by subdued global demand for commodities and falling oil prices. The manufacturing production in Latin America fell by 3.3 percent. In addition, Brazil, South America's largest manufacturer, faced political uncertainty, decreasing prices of export commodities and soaring inflation. The manufacturing output of Brazil in the first quarter of 2016 plunged by 11.2 per cent compared to the same period of the previous year. Manufacturing growth in other major economies of the continent, namely Argentina and Chile, was less than 1 per cent, while Peru's manufacturing production dropped by 1.6 per cent. Mexico and Columbia recorded relatively higher growth rates.




Growth performance was much higher in Asian economies, where manufacturing output rose by 6.3 per cent in the first quarter of 2016. As one of the fast growing Asian economies, Viet Nam has maintained a double digit growth rate of manufacturing output for five consecutive quarters. The overall growth of Viet Nam's economy has been driven by strength in export-oriented manufacturing, which continues to be driven by rising foreign direct investment. Indonesia's manufacturing output, which recently climbed to rank 10 of the largest world manufacturers, grew by 3.7 per cent in the first quarter of 2016. India's manufacturing output, which had achieved impressive growth rates in the last

quarters, fell by 2.2 per cent. The high cost of borrowing and poor demand played a major role in the pre-mature reversal of India's manufacturing growth in 2016. Manufacturing production also dropped in Pakistan in the first quarter of 2016.

Estimates based on the limited available data indicate that manufacturing output in Africa has dropped by 0.8 per cent. The loss in growth was attributable to two major African economies - Egypt and South Africa. Egypt's manufacturing output dropped by 1.4 per cent and South Africa's by 0.8 per cent compared to the same period of the previous year. The manufacturing output of Senegal and Tunisia decreased as well. The weaker growth of manufacturing output is primarily credited to low capital inflow and reduced exports. Positive growth was maintained by Côte d'Ivoire and Morocco.

## Findings by industry group

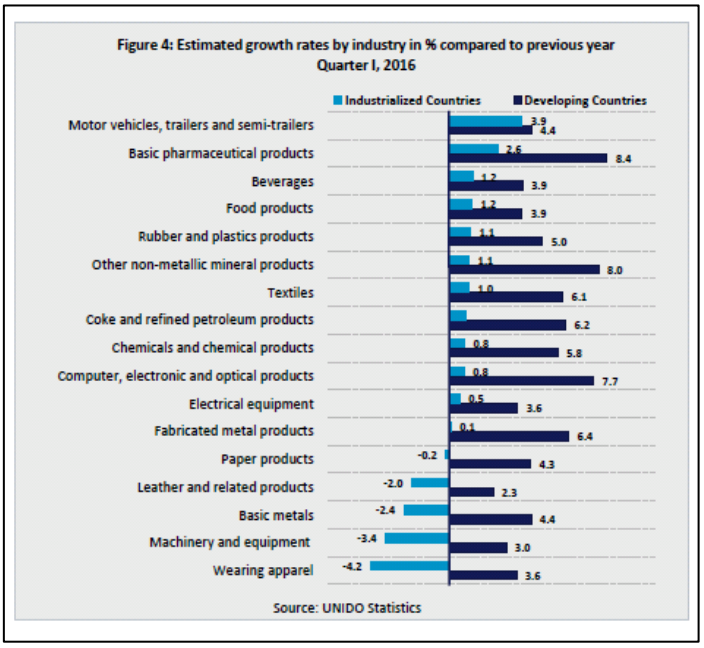
Global manufacturing production maintained a positive growth in nearly all industries in the first quarter of 2016. However, against the backdrop of falling investment in capital goods, the production of machinery and equipment declined by 1.1 per cent worldwide. The biggest loss was recorded by the tobacco industry, with worldwide production declining by 3.4 per cent. By contrast, the production of pharmaceutical products rose by 4.8 per cent. Among other fast growing industries, the production of textiles rose by 4.9 per cent and motor vehicles by 4.1 per cent.

Disaggregated data by industrialized and developing economies show that industrialized countries performed relatively well in the production of high-technology industries such as pharmaceutical products, motor vehicles, chemicals and electronics. The fastest growing industry in industrialized economies was the production of motor vehicles which rose by 3.9 per cent in the first quarter of 2016. Among them, vehicle production in Canada rose by 11.8 per cent, by 9.4 per cent in Italy and by 7.1 per cent in France. However, in Japan the production of motor vehicles fell by 5.3 per cent.

In general, the growth performance of developing and emerging industrial economies was far better in nearly all manufacturing industries, including several high-technology industries. The production of pharmaceutical products in developing and emerging industrial economies rose by the highest rate of 8.4 per cent. A significant contribution to the growth of pharmaceutical products was made by African countries, namely Egypt and Senegal.

As shown in the Figure 4, developing economies maintained a relatively higher growth rate in the production of basic consumer goods. The manufacture of food products rose by 3.9 per cent, textile by 6.1 per cent and wearing apparel by 3.6 per cent. The most significant growth rate among developing economies in the production of wearing apparel was observed in Turkey at 12.2 per cent in the first quarter of 2016. The production of other consumer goods rose at a higher rate in developing and emerging industrial economies. Among other industries, the production of chemicals and chemical products grew by 5.8 per cent and basic metals by 4.4 per cent.

The growth rates for selected industries are presented below.




The production of electronic and optical products registered one of the highest growth figures at 7.7 per cent in developing and emerging industrial economies. Similarly, the manufacture of other non-metallic mineral products that essentially supply construction materials rose by nearly 8.0 per cent.

Additional statistics on the growth rates in the first quarter of 2016 are available in the Statistical Tables.

*(Source: World Manufacturing Production- Statistics for Quarter I, 2016; United Nations Industrial Development Organisation - www.unido.org)*

## INDIAN MANUFACTURING SECTOR

### Introduction

The Prime Minister of India, Mr Narendra Modi, has launched the 'Make in India' initiative to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. The Government of India has set an ambitious target of increasing the contribution of manufacturing output to 25 per cent of Gross Domestic Product (GDP) by 2025, from 16 per cent currently.

### Market Size

India's manufacturing sector could touch US$ 1 trillion by 2025. There is potential for the sector to account for 25-30 per cent of the country's GDP and create up to 90 million domestic jobs by 2025. Business conditions in the Indian manufacturing sector continue to remain positive.

In November 2015, the seasonally adjusted Nikkei India Manufacturing Purchasing Managers' Index (PMI) stood at 50.3, which indicated expansion for twenty-fifth consecutive month. The services PMI was at 50.1 points in November 2015.

### Investments

In a major boost to the 'Make in India' initiative, the Government of India has received investment proposals of over US$ 3.05 billion till end of August 2015 from various companies.

India has become one of the most attractive destinations for investments in the manufacturing sector. Some of the major investments and developments in this sector in the recent past are:

- Canada's Magna International Incorporated has started production at two facilities in Gujarat's Sanand, which will supply auto parts to Ford Motor Co in India and will employ around 600 people at both units.

- Swedish home furnishing brand Ikea has made a long-term plan of opening 25 stores in India by making an investment worth Rs 12,500 crore (US$ 1.9 billion).
- Siemens has announced that it will invest € 1 billion (US$ 1.13 billion) in India to add 4,000 jobs to its existing workforce of 16,000 in the country.
- US-based First Solar Inc and China's Trina Solar have plans to set up manufacturing facilities in India. Clean energy investments in India increased to US$ 7.9 billion in 2014, helping the country maintain its position as the seventh largest clean energy investor in the world.
- Samsung Electronics has invested Rs 517 crore (US$ 77.82 million) towards the expansion of its manufacturing plant in Noida, Uttar Pradesh (UP). "Samsung India Electronics is committed to strengthen its manufacturing infrastructure and will gradually expand capacity at this plant to meet the growing domestic demand for mobile handsets, as per the company.
- Shantha Biotechnics Private Limited has started building a facility to manufacture Insuman, an insulin product to treat diabetes. Sanofi SA, which acquired Shantha Biotechnics, will invest Rs 460 crore (US$ 69.24 million) to build the facility.
- BMW and Mercedes-Benz have intensified their localisation efforts to be part of 'Make in India' initiative. "The localisation efforts will reduce the waiting period and accelerate the servicing process of our cars as we had to (previously) depend on our plants overseas for supply and will help us on the pricing front."
- Suzuki Motor Corp plans to make automobiles for Africa, the company's next big bet, as well as for India at its upcoming factory in Hansalpur, near Ahmedabad, Gujarat.
- Taiwan-based HTC has decided to manufacture products in India. HTC is believed to have partnered GDN Enterprises, which has an assembly set up in Noida.
- Foxconn is planning an aggressive expansion in India, building up to 12 new factories and employing as many as one million workers by 2020
- The State Government of Tamil Nadu has signed investment agreements worth Rs 2, 42,160 crore (US$ 36.45 billion) during a two-day Global Investors Meet in September 2015.

**Government Initiatives**

In a bid to push the 'Make in India' initiative to the global level, Mr Narendra Modi, Prime Minister of India, pitched India as a manufacturing destination at the World International Fair in Germany's Hannover earlier this year. Mr Modi showcased India as a business friendly destination to attract foreign businesses to invest and manufacture in the country.

The Government of India has taken several initiatives to promote a healthy environment for the growth of manufacturing sector in the country. Some of the notable initiatives and developments are:

- The Government plans to organise a 'Make in India week' in Mumbai between February 13-18, 2016 to boost the 'Make in India' initiative and expects 1,000 companies from 10 key sectors to participate in the exhibition of innovative products and processes, a hackathon and sessions on urban planning, among other events.
- The National Institution for Transforming India Aayog (NITI Aayog) plans to release a blueprint for various technological interventions which need to be incorporated by the Indian manufacturing economy, with a view to have a sustainable edge over competing neighbours like Bangladesh and Vietnam over the long term.
- Ms Nirmala Sitharaman, Minister of State (Independent Charge) for Commerce and Industry, has launched the Technology Acquisition and Development Fund (TADF) under the National Manufacturing Policy (NMP) to facilitate acquisition of Clean, Green and Energy Efficient Technologies, by Micro, Small & Medium Enterprises (MSMEs).
- The Government of India has asked New Delhi's envoys in over 160 countries to focus on economic diplomacy to help government attract investment and transform the 'Make in India' campaign a success to boost growth during the annual heads of mission's conference. Prime Minister, Mr Modi has also utilised the opportunity to brief New Delhi's envoys about the Government's Foreign Policy priority and immediate focus on restoring confidence of foreign investors and augmenting foreign capital inflow to increase growth in manufacturing sector.

- The Government of Uttar Pradesh (UP) has secured investment deals valued at Rs 5,000 crore (US$ 752.58 million) for setting up mobile manufacturing units in the state.
- The Government of Maharashtra has cleared land allotment for 130 industrial units across the state with an investment of Rs 6,266 crore (US$ 943.13 million)
- Dr Jitendra Singh, Union Minister of State (Independent Charge) of the Ministry of Development of North Eastern Region (DoNER), MoS PMO, Personnel, Public Grievances & Pensions, Atomic Energy and Space, Government of India, has announced the 'Make in Northeast' initiative beginning with a comprehensive tourism plan for the region.
- Government of India has planned to invest US$ 10 billion in two semiconductor plants in order to facilitate electronics manufacturing in the country.
- Entrepreneurs of small-scale businesses in India will soon be able to avail loans under Pradhan Mantri MUDRA Yojana (PMMY). The three products available under the PMMY include: Shishu - covering loans up to Rs 50,000 (US$ 752), Kishor - covering loans between Rs 50,000 (US$ 752) to Rs 0.5 million (US$ 7,520), and Tarun- covering loans between Rs 0.5 million (US$ 7,520) and Rs 1 million (US$ 15,052).

**Road Ahead**

The Government of India has an ambitious plan to locally manufacture as many as 181 products. The move could help infrastructure sectors such as power, oil and gas, and automobile manufacturing that require large capital expenditure and revive the Rs 1,85,000 crore (US$ 28.42 billion) Indian capital goods business.

India is an attractive hub for foreign investments in the manufacturing sector. Several mobile phone, luxury and automobile brands, among others, have set up or are looking to establish their manufacturing bases in the country.

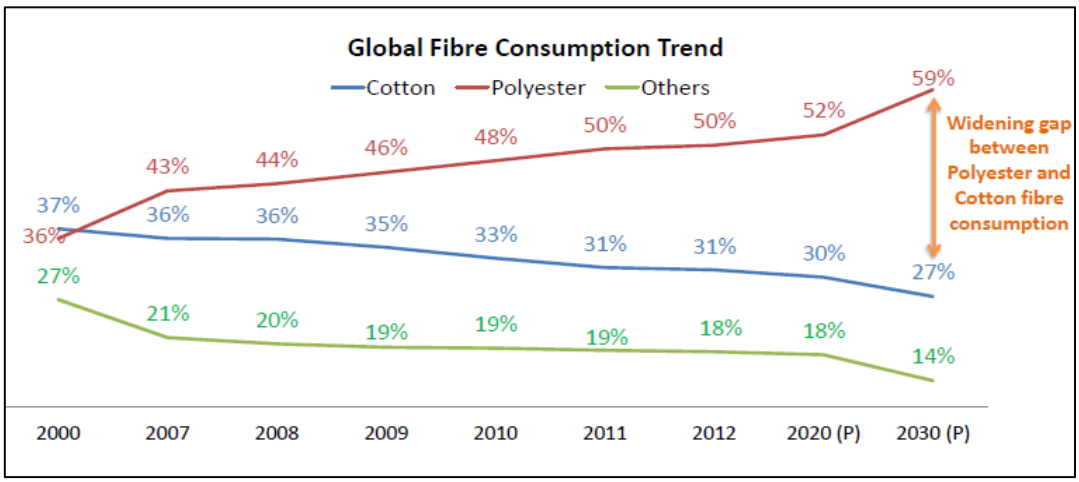
With impetus on developing industrial corridors and smart cities, the government aims to ensure holistic development of the nation. The corridors would further assist in integrating, monitoring and developing a conducive environment for the industrial development and will promote advance practices in manufacturing.

Exchange Rate Used: INR 1 = US$ 0.015 as on December 17, 2015
*References: Media Reports, Press Releases, Press Information Bureau, McKinsey & Company*

*(Source: Manufacturing sector in India, India Brand Equity Foundation www.ibef.org)*

## FIBRE SECTOR OF TEXTILE INDUSTRY

**Global Fibre Consumption Trend**

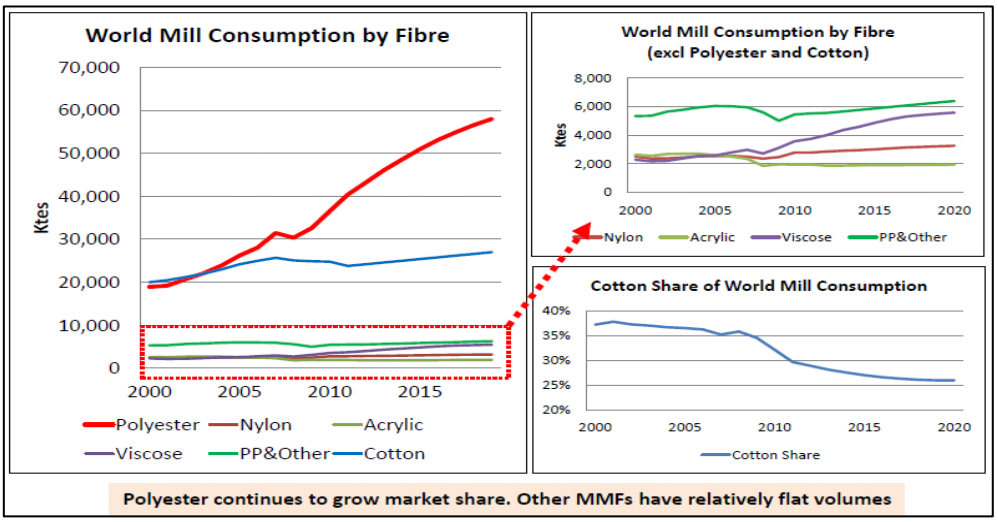



- Globally, Consumption of polyester will increase further.
- Till 2000, fibre consumption at global level was majorly cotton focussed.
- By 2030, it is expected that consumption of polyester will be more than double to that of the cotton fibre.

*(Source: Future of Indian MMF Based Textiles Industry, Wazir Advisors - www.wazir.in)*

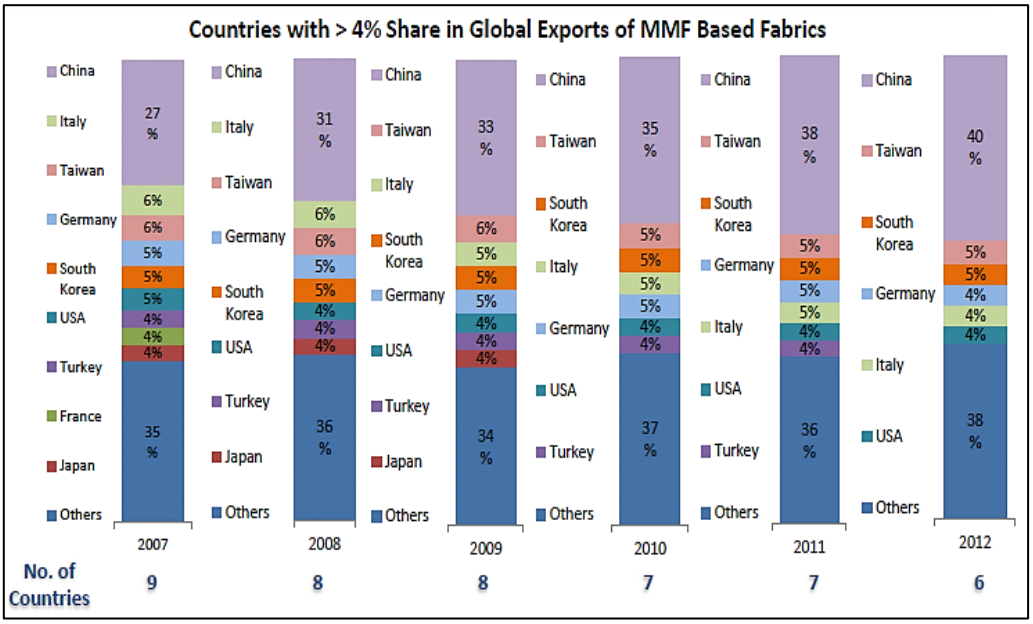
## Growth Areas

Globally, manmade fibre consumption is growing & will continue to grow further, which can be depicted as follows:




*(Source: Future of Indian MMF Based Textiles Industry, Wazir Advisors - www.wazir.in)*

## Global Leaders In Man-Made Fibres Based Fabric




- Top ten exporters of MMF based fabrics constituted 75% of world's total trade in 2012.
- China has over dominance in the exports of MMF based fabrics with 40% share followed by Taiwan having export value only one eighth of China.

*(Source: Future of Indian MMF Based Textiles Industry, Wazir Advisors - www.wazir.in)*

# INDIAN TEXTILES INDUSTRY

## Introduction

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textiles industry is also labour intensive and is one of the largest

employers. The industry realised export earnings worth US$ 41.4 billion in 2014-15, a growth of 5.4 per cent, as per The Cotton Textiles Export Promotion Council (Texprocil). 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 Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. 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 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.

**Market Size**

The Indian textiles industry, currently estimated at around US$ 108 billion, is expected to reach US$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to India's gross domestic product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The Indian textile industry has the potential to reach US$ 500 billion in size according to a study by Wazir Advisors and PCI Xylenes & Polyester. The growth implies domestic sales to rise to US$ 315 billion from currently US$ 68 billion. At the same time, exports are implied to increase to US$ 185 billion from approximately US$ 41 billion currently.

**Investments**

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US$ 1.77 billion during April 2000 to September 2015.

Some of the major investments in the Indian textiles industry are as follows:

- Reliance Industries Ltd (RIL) plans to enter into a joint venture (JV) with China-based Shandong Ruyi Science and Technology Group Co. The JV will leverage RIL's existing textile business and distribution network in India and Ruyi's state-of-the-art technology and its global reach.
- Giving Indian sarees a 'green' touch, Dupont has joined hands with RIL and Vipul Sarees for use of its renewable fibre product Sorona to make an 'environment-friendly' version of this ethnic ladies wear.
- Grasim Industries has invested Rs 100 crore (US$ 15 million) to develop its first fabric brand, Liva', which it will distribute through 1,000 outlets as part of a plan to stay in sync with changing consumer behaviour.
- Snapdeal has partnered with India Post to jointly work on bringing thousands of weavers and artisans from Varanasi through its website. "This is an endeavour by Snapdeal and India Post to empower local artisans, small and medium entrepreneurs to sustain their livelihood by providing a platform to popularise their indigenous products," said Mr Kunal Bahl, CEO and Co-Founder, Snapdeal.
- Welspun India Ltd (WIL), part of the Welspun Group has unveiled its new spinning facility at Anjar, Gujarat - the largest under one roof in India. The expansion project reflects the ethos of the Government of Gujarat's recent 'Farm-Factory-Fabric-Fashion-Foreign' Textile Policy, which is aimed at strengthening the entire textile value-chain.
- American casual fashion retailer Aéropostale, Inc. has inked a licensing agreement with Arvind Lifestyle Brands Ltd to open standalone stores in the country. Aéropostale will open 30 stores and 25 shop-in-shop locations over the next three years.

## Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Some of initiatives taken by the government to further promote the industry are as under:

- The Government of India has started promotion of its 'India Handloom' initiative on social media like Facebook, Twitter and Instagram with a view to connect with customers, especially youth, in order to promote high quality handloom products.
- The Ministry of Textiles launched Technology Mission on Technical Textiles (TMTT) with two mini-missions for a period of five years (from 2010-11 to 2011-12 in the 11th five year plan and 2012-13 to 2014-15 in 12th five year plan) with a total fund outlay of Rs 200 crore (US$ 30 million). The objective of TMTT is to promote technical textiles by helping to develop world class testing facilities at eight Centres of Excellence across India, promoting indigenous development of prototypes, providing support for domestic and export market development and encouraging contract research.
- The Government of India is expected to soon announce a new National Textiles Policy. The new policy aims at creating 35 million new jobs by way of increased investments by foreign companies, as per Textiles Secretary Mr S K Panda.
- Subsidies on machinery and infrastructure:
    - The Revised Restructured Technology Up gradation Fund Scheme (RRTUFS) covers manufacturing of major machinery for technical textiles for 5 per cent interest reimbursement and 10 per cent capital subsidy in addition to 5 per cent interest reimbursement also provided to the specified technical textile machinery under RRTUFS.
    - Under the Scheme for Integrated Textile Parks (SITP), the Government of India provides assistance for creation of infrastructure in the parks to the extent of 40 per cent with a limit up to Rs 40 crore (US$ 6 million). Under this scheme the technical textile units can also avail its benefits.
    - The major machinery for production of technical textiles receives a concessional customs duty list of 5 per cent.
    - Specified technical textile products are covered under Focus Product Scheme. Under this scheme, exports of these products are entitled for duty credit scrip equivalent to 2 per cent of freight on board (FOB) value of exports
- The Government of India has implemented several export promotion measures such as Focus Market Scheme, Focus Product Scheme and Market Linked Focus Product Scheme for increasing share of India's textile exports.
- Under the Market Access Initiative (MAI) Scheme, financial assistance is provided for export promotion activities on focus countries and focus product countries.
- Under the Market Development Assistance (MDA) Scheme, financial assistance is provided for a range of export promotion activities implemented by Textiles Export Promotion Councils.
- The government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 sea ports resulting in faster clearance of import and export cargo.
- The Ministry of Textiles has approved a 'Scheme for promoting usage of geotechnical textiles in North East Region (NER)' in order to capitalise on the benefits of geotechnical textiles. The scheme has been approved with a financial outlay of Rs 427 crore (US$ 64.1 million) for five years from 2014-15.
- A Memorandum of Understanding (MoU) has been signed between India and Kyrgyzstan seeking to strengthen bilateral cooperation in three fields -Textiles and Clothing, Silk and Sericulture, Fashion

## Road Ahead

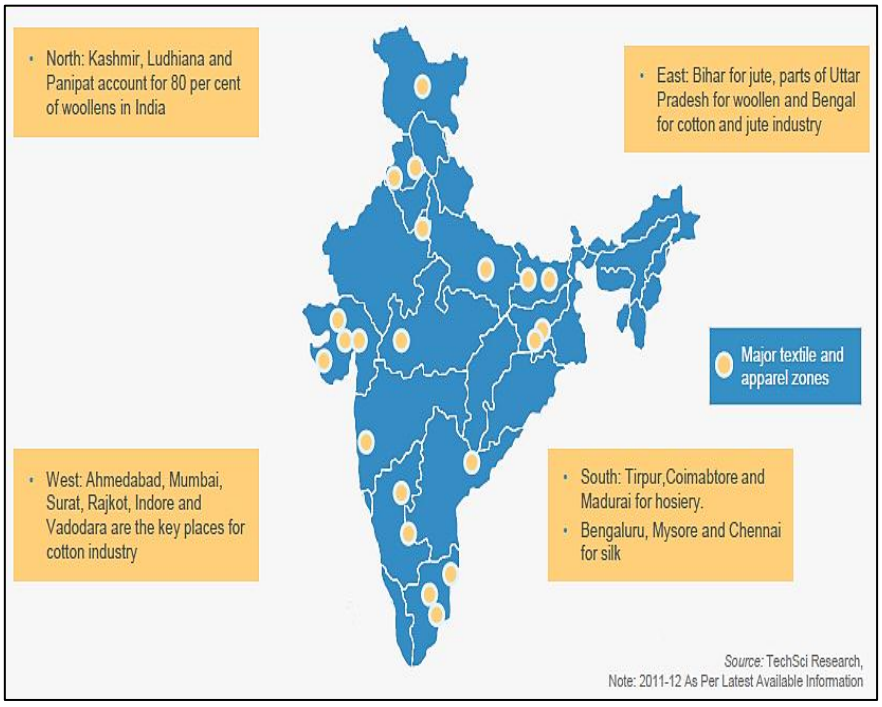
The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

**Exchange Rate Used:** INR 1 = US$ 0.015 as on December 17, 2015

**References:** *Ministry of Textiles, Indian Textile Journal, Department of Industrial Policy and Promotion, Press Information Bureau*

*(Source: Indian Textile Industry, India Brand Equity Foundation www.ibef.org)*

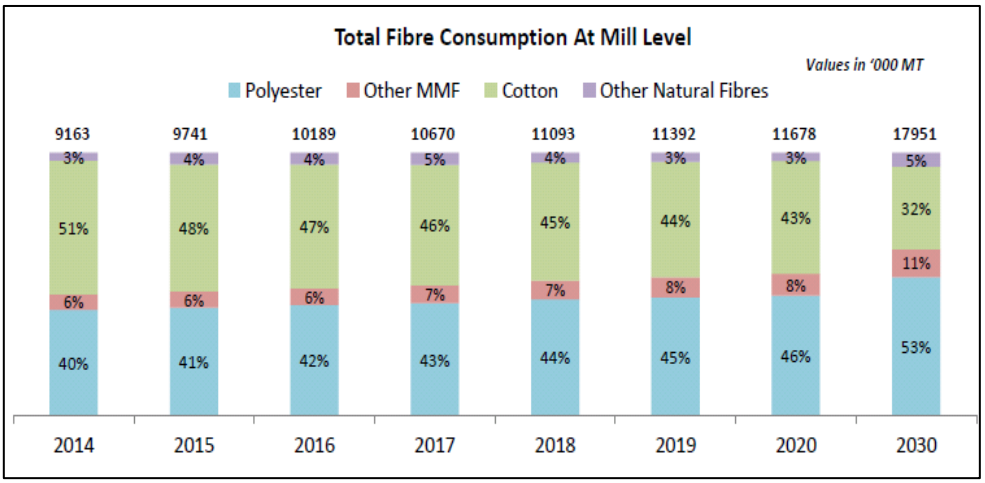
## KEY TEXTILES AND APPAREL ZONES IN INDIA




*(Source: Textile and Apparel Report January 2016 - India Brand Equity Foundation www.ibef.org)*

## DEMAND DRIVERS

Indian textile industry will consume more polyester than cotton within next five years as depicted below:



- Share of manmade fibre in total mill consumption is expected to reach ~65% by 2030. However, the share of cotton is expected to decrease from current level of ~55% to 32% by 2030.
- A drastic change is expected in the mill consumption of polyester fibre, share of which is projected to grow to 53% (9,455,000MT) by 2030.

*(Source: Future of Indian MMF Based Textiles Industry, Wazir Advisors - www.wazir.in)*

## STRUCTURE OF INDIAN TEXTILE INDUSTRY

The Indian textile industry mostly comprises small-scale, non-integrated spinning, weaving and knitting, fabric finishing, and apparel-making enterprises. Other textile-producing countries mainly have large scale mills with modern technology and machinery, that integrate spinning, weaving and, sometimes, fabric finishing. This unique industry structure in India is primarily a result of government policies on tax, labour and other regulations that have promoted labour-intensive, small-scale operations often discriminating against larger scale firms.

**Composite Mills:** Relatively large-scale mills that integrate spinning, weaving and, sometimes, fabric finishing now account for about only 3 percent of output in the textile sector in India. About 276 composite mills are now operating in India, most owned by the public sector and many deemed financially "sick."

**Spinning:** Spinning is the process of converting cotton or manmade fibre into yarn to be used for weaving and knitting. Largely due to deregulation that began in the mid-1980s, spinning is to date considered the most consolidated and technically efficient segment of the industry. However average plant sizes remain small and technology is out-dated, relative to other major producers.

**Weaving and Knitting:** Weaving and knitting converts cotton, manmade, or blended yarns into woven or knitted fabrics. This segment is highly unorganised with mostly small-scale and labour-intensive enterprises. The organised sector contributes only 5% of the total production. The segment has about 3.9 million hand looms and 1.8 million power-looms in India.

**Fabric Finishing:** Fabric finishing also called processing includes dyeing, printing, and other cloth preparation prior to the manufacture of apparels. This segment is dominated by a large number of independent, small scale enterprises. Overall, about 2,300 processors are operating in India, including about 2,100 independent units and 200 units that are integrated with spinning, weaving, or knitting units.

**Apparels:** Apparels are produced by about 77,000 small-scale units classified as domestic manufacturers, manufacturer exporters, and fabricators (subcontractors). According to a report by Wazir Advisors, the size of the Indian apparel market in 2012 was $ 45 billion. The report estimates India and China to be the fastest growing markets, growing in double digits and becoming the biggest consumer market with a mammoth share of 27% in the world's apparel market.

*(Source: The Textile & Apparels Industry – Contributing to "Make in India" October, 2015 - The Associated Chambers of Commerce and Industry of India – www.assocham.org)*

## PRODUCT CLASSES AND USES

The textiles and apparels industry is broadly classified into the following segments according to products:

### Cotton and Cotton textiles

The Indian textile industry which has a diverse range of fibres and yarn is predominantly cotton based. Hence, growth and all around development of cotton and cotton industry has a vital bearing on the development of the sector and the economy as a whole. According to the Ministry of Textiles, 9 the consumption of cotton is more than 400 lakh bales (of 170 kg each) per year. The Cotton Corporation of India reports that the total production in 2013-14 rose to 375 lakh bales from 365 lakh bales in 2012-13.

### Jute and Jute Textiles

Jute, the golden fibre, is considered to be a natural, renewable, biodegradable and eco-friendly product. According to the Ministry of Textiles, the jute industry provides direct employment to about 0.37 million workers in organised mills and in diversified units including the tertiary sector and supports the livelihoods of around 4 million farm families. There are 89 composite jute mills in India and about 49,500 looms installed in the jute industry including Hessian looms, sacking looms, C.B.C looms and others. The maximum installed capacity in jute mills is estimated to be more than 2.64 million tonnes per annum.

**Silk and Silk Textiles**

India is the second largest producer of silk in the world. According to the Central Silk Board,10 26,480 MT of raw silk was produced in India in 2013-14, 74% of which (or 19,476 MT) was mulberry raw silk. The remaining 26% was wild silk (vanyasilk). Mulberry sericulture is mainly practiced in five states namely, Karnataka, Andhra Pradesh, West Bengal, Tamil Nadu and Jammu & Kashmir which jointly account for about 96% of the total mulberry silk production in the country. As the consumption of raw silk (around 29,740 MT) exceeds production, the additional requirement (particularly bivoltine mulberry silk of international quality) is imported mainly from China.

**Wool and Woollen Textiles**

The woollen industry is small and widely scattered. It is basically located in the states of Punjab, Haryana, Rajasthan, U.P., Maharashtra and Gujarat. 40% of the woollen units are located in Punjab, 27% in Haryana, 10% in Rajasthan, while the rest of the states account for the remaining 23%.

**Hand crafted Textiles**

The tradition of weaving by hand is one of the richest and most vibrant aspects of Indian cultural heritage. The level of artistry and intricacy achieved in handloom fabrics is unparalleled and beyond the scope of modern machines. The strength of the sector lies in its uniqueness, flexibility of production, openness to innovations, adaptability to the suppliers' requirements and the wealth of its tradition. Indian handlooms have been famous throughout the world for centuries and have been exported across the world.

**Technical textiles**

Technical textiles are defined as textile material and products manufactured primarily for their technical performance and functional properties rather than aesthetic and decorative characteristics. It has applications across various industries including automobiles, civil engineering and construction, agriculture, healthcare, industrial safety, personal protection etc. The technical textiles segment is a high technology segment which is steadily gaining importance in India. Some of the properties of technical textiles that may be attributed to its increasing popularity are cost effectiveness, durability, lightweight, high strength and user and eco friendliness. Based on usage, there are 12 technical textile segments, viz., Agrotech, Buildtech, Clothtech, Geotech, Hometech, Meditech, Mobiltech, Oekotech, Protech, Packtech, Indutech, Sporttech.

In India the sector registered a compounded annual growth rate of 11% during 11th Five Year Plan. According to the Planning Commission's Working Subgroup on Technical Textiles, its market size is estimated to grow at a CAGR of 20% to reach ` 1,58,540 crores by 2016-17 from ` 70,151 crores in 2012-13. The market for 2014-15 is projected to be ` 1,09,659 crores.

**Readymade Garments**

Readymade garments (RMG) manufacturing being the least capital intensive segment of the textile value chain is characterised by low entry barriers and is hence highly fragmented. It is also labour-intensive and requires skilled, unskilled and semi-skilled manpower. A study by CARE Research12 says the domestic apparel industry in India grew at a CAGR of 9% from ` 1,360 billion in FY08 to ` 2,115 billion in FY13 and is expected to continue this growth trend to FY16. In 2012, apparels had a 69% share of the overall market; textiles contributed the remaining 31%. At the inauguration of the 55th India International Garment Fair, 2015 the Textiles Minister, supporting the apparel industry said

that it plays a significant role in realising the 'Make in India' vision, given its employment and export intensity.

*(Source: The Textile & Apparels Industry – Contributing to "Make in India" October, 2015 - The Associated Chambers of Commerce and Industry of India – www.assocham.org)*

## MAN MADE FIBRES AND POLYMERS

Man-made fibres (MMF) and man-made filament yarns (MMFY) account for around 40% share of the total fibre consumption in the textile industry as a whole. These fibres form a key raw material for the technical textile industry because of their customizable properties. The key man-made fibres, filaments and polymers used as raw materials in technical textiles are: **Man-Made Fibres and Filaments –** Viscose, Polyester, Nylon, Acrylic/Mod acrylic, Polypropylene and **Polymers –** HDPE, LLDPE, LDPE, PVC

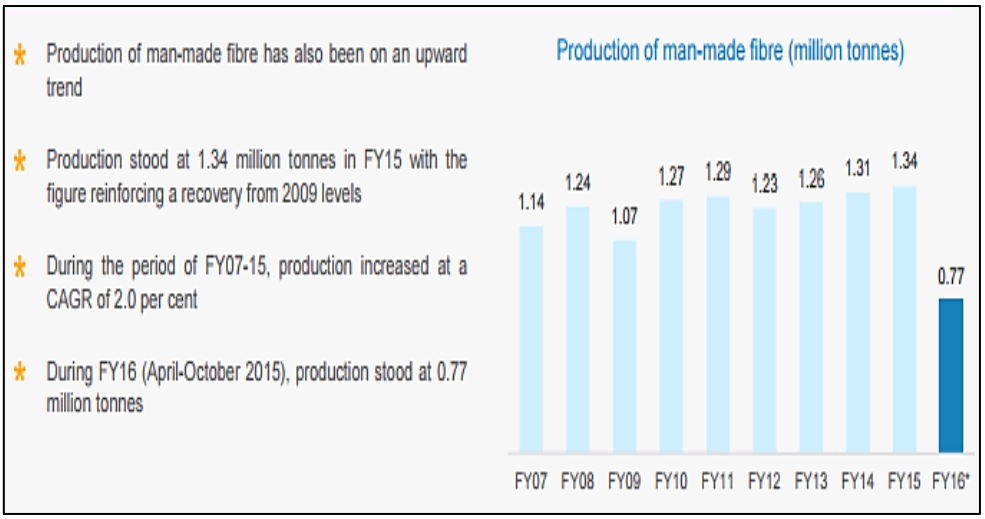
India ranks among one of the world's largest producers of MMF and MMFY, with production of 1284.64 million kg and 1549.80 million kg in 2010-11, respectively. While production of MMF and MMFY registered growth of 1.31% and 1.78%, respectively, over the previous year alone, the last decade has witnessed a steady increase in production and consumption of major synthetic fibres and polymers, resulting in a fair degree of self sufficiency in the domestic MMF and MMFY markets.

Technical Textiles are manufactured from a variety of fibres and filaments based on the desired properties of the end product. The fibres and filaments can be broadly classified as natural and man-made.

| Natural fiber | Man Made Fibres and Polymers | |
|---|---|---|
| | Synthetic fiber | High performance fiber |
| • Cotton | • Viscose | • Aramid |
| • Silk | • Polyamide | • UMHW Polyethylene |
| • Sisal | • Polyolefin | • Carbon |
| • Flax | • Flax | • Glass, etc. |
| • Wool, etc. | • Polyester, etc.. | |

*(Source: Investor Guide – Driving Growth of Technical Textiles in India Report, January, 2013 – Federation of Indian Chambers of Commerce and Industry (FICCI) - www.ficci.in)*

## PRODUCTION OF MAN-MADE FIBRE HAS BEEN RISING




*(Source: Textile and Apparel Report January 2016 - India Brand Equity Foundation www.ibef.org)s*

## MAN MADE FIBRE SECTOR OUTLOOK

Polyester dominates the world fibre consumption contributing more than half of the overall fibre consumption. The rise in share can be attributed to the growing consumption of polyester in the developing countries. On the other hand, the Indian textile industry is predominantly a cotton-based industry. However, limited area under cultivation and erratic rain affects the cotton availability.

Over a longer term view, polyester consumption is expected to pick up gradually with increase in demand for apparels, home textiles and technical textiles as the macro economic scenario recovers. The growth in apparels and home textile segments will be supported by factors such as rise in disposable income, growing consumer class, rising urbanization, increasing retail penetration and increased usage of credit cards etc.

According to CMIE manmade fibre & filament industry sales in FY15 is estimated to have declined by 3.3% on back of subdued demand and fall in realisation. Further, reduction in cotton yarn prices has affected substitution demand for man-made fibre. The operating margin of polyester companies in last couple of years have remained under pressure on account of huge capacity additions taken place in the industry and intense competitive, commoditised and fragmented nature of the industry which limits the pricing flexibility of players operating in the segment.

However, in FY16 sales are expected to increase by 10.6% (Source: CMIE) supported by increase in textile and clothing exports in FY16 (target of $47.5 billion for textile and clothing export as against $41.4 billion in FY15), increase in domestic consumption and expected increase in demand for technical textiles on back of pick up in infrastructure sector. The outlook for man-made fibre industry remains stable.

*(Source: Textile Sector Outlook – July 2015, Credit Analysis & Research Limited (CARE Ratings) www.careratings.com)*

## OPPORTUNITIES IN TEXTILE INDUSTRY

**Immense growth potential**

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. The sector is expected to be reached to USD226 billion by FY2023. Population is expected to reach to 1.34 billion by FY2019. Urbanisation is expected to support higher growth due to change in fashion and trends

**Private sector participation in silk Production**

The Central Silk Board sets targets for raw silk production and encourages farmers and private players to grow silk. To achieve these targets, alliances with the private sector, especially major agro-based industries in pre-cocoon and post-cocoon segments has been encouraged

**Proposed FDI in multi-brand retail**

For the textile industry, the proposed hike in FDI limit in multi-brand retail will bring in more players, thereby providing more options to consumers. It will also bring in greater investments along the entire value chain – from agricultural production to final manufactured goods. With global retail brands assured of a domestic foothold, outsourcing will also rise significantly

**Retail sector offers growth Potential**

With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with several international players like Marks & Spencer, Guess and Next having entered Indian market. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

**Centers of Excellence (CoE) for research and technical training**

The CoEs are aimed at creating testing and evaluation facilities as well as developing resource centres and training facilities. Existing four CoEs, BTRA for Geotech, SITRA for Meditech, NITRA for Protech and SASMIRA for Agrotech, would be upgraded in terms of development of incubation

centre and support for development of prototypes. Fund support would be provided for appointing experts to develop these facilities

**Foreign investments**

The government is taking initiatives to attract foreign investments in the textile sector through promotional visits to countries such as Japan, Germany, Italy and France. According to the new Draft of the National Textile Policy, the government is planning to attract foreign investments thereby creating employment opportunities to 35 million people

*(Source: Textile and Apparel Report January 2016 - India Brand Equity Foundation www.ibef.org)*

## POLICY SUPPORT HAS BEEN A KEY INGREDIENT TO GROWTH

**Technology Up gradation Fund Scheme (TUFS)**

- Investment was made to promote modernisation and up-gradation of the textile industry by providing credit at reduced rates.
- USD 0.39 billion has been allocated for TUFS scheme for FY15

**National Textile Policy – 2000**

- The policy was introduced for the overall development of textile industry.
- Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements. New draft for this policy ensures to employ 35 million by attracting foreign investments. It also focuses on establishing a modern apparel garment manufacturing centre in every.
- North Eastern state for which Government has invested an amount of USD3.27 million.

**Foreign Direct Investment**

- FDI of up to 100 per cent is allowed in the textile sector through the automatic route.

**Scheme for Integrated Textiles Parks (SITP)**

- SITP was set up in 2005 to provide necessary infrastructure to new textile units; under SITP, 40 projects (worth USD678 million) have been sanctioned.
- Out of these 40 projects, 27 have started production. 16 projects has been completed and as on November 2014, Government has invested a total of USD21.96 million for 21 new textile parks and the remaining 13 textile parks has been given the in-principle approval under SITP

**Technical textile industry**

- Government of India has planned an increase in the fund outlay for technical textiles industry to more than USD117 million during the current 12th Five Year Plan (2012-17)

*(Source: Textile and Apparel Report January 2016 - India Brand Equity Foundation www.ibef.org)*

## ADVANTAGE INDIA

**Robust demand**

- Increased penetration of organised retail, favourable demographics, and rising income levels to drive textile demand.
- Growth in building and construction will continue to drive demand for non clothing textiles.

**Increasing investments**

- Huge investments are being made by Government under Scheme for Integrated Textile Parks (SITP)-(USD184.98 Million) and Technology Up gradation Fund Scheme (TUFS)-(term loan sanctioned in Feb, 2015-USD2198.45 Million) to encourage more private equity and to train workforce.

**Competitive Advantage**

- Abundant availability of raw materials such as cotton, wool, silk and jute.
- India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to major textile producers.

**Policy support**

- 100 per cent FDI (automatic route) is allowed in the Indian textile sector.
- Under Union Budget 2015-16, government has allocated USD39.81million for integrated parks in India.
- Free trade with ASEAN countries and proposed agreement with European Union will boost exports.

Market Value: USD 108.5 Billion 2015E
Market Value: USD 226 Billion 2023F
*(Source: Textile and Apparel Report January 2016 - India Brand Equity Foundation www.ibef.org)*

## GROWTH DRIVERS

Factors contributing to growth of the industry and analysed in this study are:

- Rising disposable incomes and evolving lifestyles of India's prospering urban consumer, are broadening their clothing needs. Today, Indians are more inclined to buy apparels for a specific purpose, than consumers in other markets. Family celebrations and weddings in India continue to eat up an enormous share of Indian consumers' clothing budgets.
- Rising urbanisation leads to increase in demand for new designs and fashions to match new lifestyles. The growing participation of women in the workforce is also contributing a great deal to this demand.
- Backed by the enormous capacity to absorb labour, skilled human capital to meet the growing demand is one of the important factors that will drive growth of this industry.
- India may be a major player in traditional textiles, but technical textiles as a segment is growing due to rising demand for specialised fabrics from various sectors of the economy.
- India's cotton and apparel exports are set to climb by around 10% in 2015 as higher wages, political instability and concerns about workplace conditions in other producing markets are likely to push international buyers towards Indian exporters. India has overtaken Germany and Italy to emerge as the world's second largest textile exporter but lags behind China, whose exports are nearly seven times higher.
- The proliferation of digital internet technology in India coupled with wide scale ownership of devices such as smart phones, laptops and tablets that support internet usage, have resulted in an unprecedented growth of e-commerce. As incomes rise and lifestyles change, people have little time to spare. E-commerce has provided consumers with a wide range of apparels, with just a few simple clicks, making their shopping experience easier, faster and more convenient.
- The textile industry, being one of the most significant sectors in the Indian economy, has been a key focus area for the Government of India. A number of initiatives have been taken by the Government to make the industry more competitive.

*(Source: The Textile & Apparels Industry – Contributing to "Make in India" October, 2015 - The Associated Chambers of Commerce and Industry of India – www.assocham.org)*

## CHALLENGES FACED BY THE INDIAN TEXTILE INDUSTRY

The Indian textiles and apparels industry plays a crucial role in contributing to employment generation, industrial output and export earnings. However, in its race towards becoming the second largest producer of textiles and apparels in the world, it has faced several challenges and continues to battle them to not only retain its position in the global map but also to improve it.

Some of the major challenges faced by the industry in India that could potentially come in the way of its contribution to the Government's 'Make in India' programme, including:

- Paucity of domestic producers of shuttle-less looms and spindles greatly affects the industry with the waiting time per order being as much as 2 to 3 years. Obsolete machinery leads to low efficiency and poor quality products. Lack of investment and research in the area of textile machinery, is forcing imports to compete with other textile producing countries.
- Stiff competition from mechanised mills, changing consumer preferences and the pursuit of less demanding means of livelihood have threatened the vibrancy of the handloom industry. Traditional hand woven products are in danger of becoming obsolete and weaving skills face threat of dilution. The lack of credit facilities extended to the handloom sector adds to its woes.
- Textile mills face acute power shortage. Frequent electricity cuts and load shedding lead to loss of man hours and low production in the mills. Textile SMEs are severely affected by power shortage and are forced to use manual machines, which produce lower quality products and are more costly to maintain.
- Manufacturers of original products, face enormous losses due to counterfeit products which are often sold at prices, usually 40% to 45% lower than original value. Anti-counterfeiting measures in India are not effectively implemented, further aggravating the problem.
- Labour related issues such as threat to safety and health of workers, poor working environment, and exploitation of children, strict labour laws and skills gap pose a major challenge to the industry.
- India has differential tax treatments for cotton and man-made fibres, thus creating needless distortions within the industry. While excise duty on natural fibres like cotton, wool and flax is nil, manmade fibre, filament and yarn attract duty as high as 12.5%.
- The Indian textiles industry faces acute shortage of raw materials in the form of cotton and raw silk. Fluctuating prices and uncertainties in the availability of raw materials leads to low production and sickness of mills.
- The manufacturing activities of the textiles and apparels industry greatly impact the environment in the form of air and water emissions. Alternative process solutions that are eco-friendly and cost effective are therefore necessary, to meet increasing demands of the ever-growing and competitive market, in a sustainable manner.

*(Source: The Textile & Apparels Industry Report October, 2015 - The Associated Chambers of Commerce and Industry of India – www.assocham.org*

## OUR BUSINESS

### COMPANY OVERVIEW

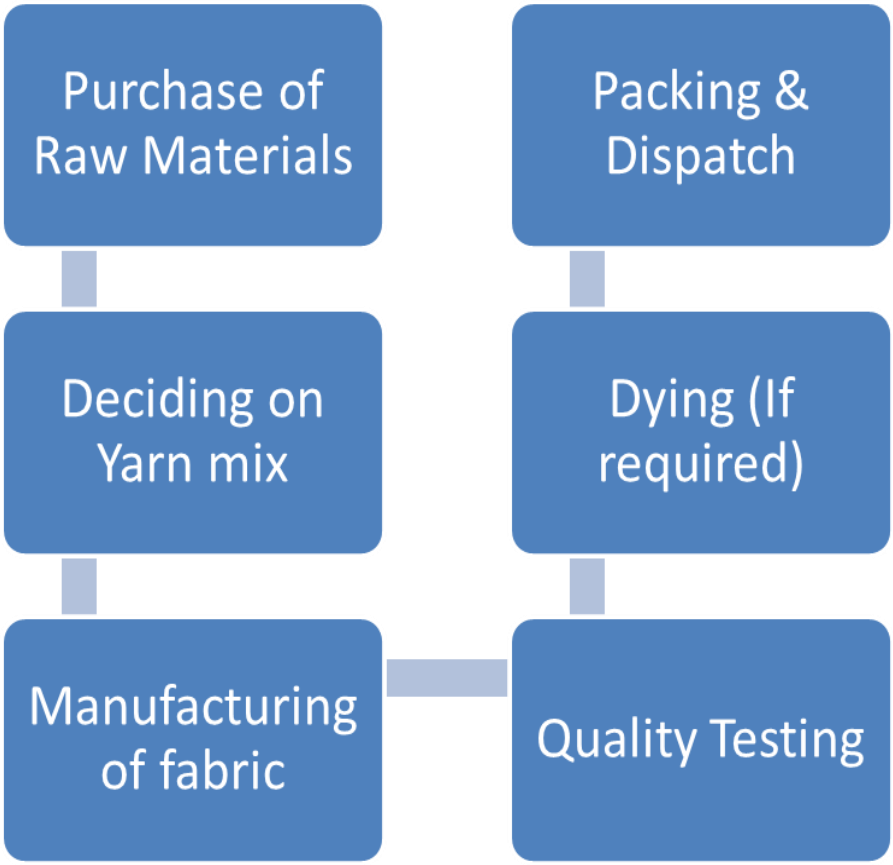
Our Company was incorporated in the year 2009 as 'Heritage Barter Private Limited'. Our promoters purchased the shares of the Company in 2010 from the erstwhile promoters. Our business from operations started by manufacturing of fabric and hosiery garments like thermal innerwear and leggings in the year 2013-14. We started taking job work assignments for knitting for Rupa Industries Limited and gradually for others. Further we also started production under our brand 'Lekme' besides undertaking job work assignments. We manufacture thermal innerwear and leggings under our own brand name of 'Lekme'

Further our Company changed its name to 'Gretex Industries Private Limited' and then converted into public company 'Gretex Industries Limited' in the year 2013.

Our product range includes production of fabric by using Interlock, Rib, Reversible, Fleece, Polyfill techniques. We also manufacture Sinker using Lycra yarns.

Our manufacturing facility is situated at Jalan Industrial Complex in Domjur Area in the district of Howrah, which is one of the oldest Industrial Complex nearby Kolkata. It is situated on the Kolkata – Mumbai Highway and is at a distance of 15 Km from Howrah.

### MANUFACTRUING PROCESS



## PURCHASE OF RAW MATERIALS

Yarns except Lycra are purchased from various suppliers domestically. We strive to make a prudent mix of quality and quantity as per the market scenario and demand in the market. Our raw materials include Cotton Yarn, Cotton and Polyester Yarn and Lycra. Lycra is mostly purchased domestically.

## DECIDING ON YARN MIX

Deciding on yarn mix is an important step in manufacturing of fabric. We decide on the basis of demand and market scenario. The amount of Lycra to be added for the desired quality and the count of yarn depends on the fabric to be manufactured. This is the most important step in manufacturing process.

## MANUFACTURING OF FABRIC (KNITTING PROCESS)

We have 25 machines used for Interlock, Rib, Fleece, Reversible and Polyfill knitting while 2 machines for manufacturing Sinker. We manufacture fabric using yarns varying in mixture of cotton, polyester and from count varying from 30 to 50 counts. Knitting machine used for Sinker is of 32 guage, 28 guage and 24 guage. It uses 102 yarns at a single point of time. Knitting machine used for other knitting varies from 13 inches to 34 inches in diameter.

## QUALITY TESTING

We undertake quality tests to ensure compliance with our quality standards with the help of fabric checking machine. Quality testing is done so as to protect our products from rejections in the market.

## DYEING & SEWING

Dyeing is done in case of fabric for leggings/T. Shirt Material. Raising and heat setting is done in case of thermal innerwear. We outsource the work of dyeing/raising and heat setting to local vendors. Sewing is outsourced to different vendors for sewing of leggings and thermal innerwear.

## PACKING & DISPATCH

We pack & dispatch the finished goods by using third party transporters. Dispatch is done as per client requirement.

## MANUFACTRUING FACILITY

Location: R.S. Dag No. 1422, 1426, 1427 and 1429, L.R. Dag No. 1472, 1476, 1477 and 1479, Jalan Complex, Gate No. 2, Mouza Baniara, J. L. No. 26, Domjur, Howrah, West Bengal.

## PRODUCT RANGE FOR MANUFACTURING

| | |
|---|---|
| Interlock knitted fabric | A knitted fabric is obtained which is characterized by situating loops of one course in every second wale, as these loops are formed on every second needle. Loops of the next course are also situated in every second wale, formed on needles that had not formed loops in the previous course. Thus loops of consecutive courses, formed in every second wale, are shifted in relation to each other by half of their height. It is used for manufacturing of T-shirts and Undergarments. It is generally manufactured from 100% cotton yarns. |
| Rib knitted fabric | Rib is made by alternating knit and purl stitches to form ridges on both sides of the fabric. Rib knit lies flat and has more stretch in the width than the length. Rib is used for manufacturing of vests. It is generally manufactured from 100% cotton yarns. |
| Fleece knitted fabric | A fabric knitted with two types of yarn. Fine yarn is on front side and course yarn on back side. In most of cases fine yarn is 100% cotton while course yarn is P/C 50:50. The fabric is sheared and is used for manufacturing of thick thermal wear. |
| Sinker knitted fabric | It is a special type of Interlock knit cloth. The stitch variation of the rib stitch, which generally resembles a double 1 x 1 ribbed fabric that is interknitted with crossed sinker wales. It is a double-sided knitted fabric with two right sides. Sinker with Lycra is used for manufacturing of leggings while Sinker without Lycra is used for manufacturing of T shirts. |
| Polyfill knitted fabric | Polyfill is the process of sewing of two or more layers of fabric together to make a thicker padded material, usually to create a quilt or quilted garment. Typically, polyfill is done with three layers: the top fabric or quilt top, batting or insulating material and backing material, but many different styles are adopted. The process of polyfill uses a needle and thread to join two or more layers of material to make a quilt. The quilter's hand or sewing machine passes the needle and thread through all layers and then brings the needle back up. The process is repeated across the entire area where polyfill is wanted. A rocking, straight or running stitch is commonly used and these stitches can be purely functional, or decorative and elaborate. polyfill is done to create bed spreads, art quilt wall hangings, clothing, and a variety of textile products. polyfill can make a project thick, or with dense polyfill, can raise one area so that another stands out. The whole process of creating a quilt or quilted garment also involves other steps such as designing, piecing, appliqué, and binding. A person who works at polyfill is termed a quilter. polyfill can be done by hand, by sewing machine, or by a specialized longarm polyfill system. Quilt stores often sell fabric, thread, patterns and other goods that are used for polyfill. They often have group sewing and polyfill classes, where one can learn how to sew or quilt and work with others to exchange skills. Quilt stores often have polyfill machines that can be rented out for use, or customers can drop off their quilts and have them professionally quilted. Polyfill knitted fabric is used for manufacturing of thin thermal wear. It is manufactured by using polyester and cotton yarns. |

## OUR BUSINESS STRATEGY

1. **Enhancing Utilization of our existing production capacity.**

   The current manufacturing capacity of the Company is underutilized the Company. We currently utilize only 25% of our capacity. We plan to utilize our existing capacity to increase our production. We strive to increase our customer base by engaging in customer service.

2. **Continue to develop client relationships**

We plan to grow our business primarily by growing the number of client relationships, as we believe that increased client relationships will add stability to our business. We seek to build on existing relationships and also focus on bringing into our portfolio more clients. Our Company believes that a long term client relationship with large clients fetches better dividends.

3. **Competitive Pricing**

To remain aggressive and capitalize a good market share, we believe in offering competitive prices to our customers. This helps us to sustain the competition and claim a position of strength in the marketplace.

4. **Optimal Utilization of Resources**

Our Company constantly endeavors to improve our production process, skill up workers, modernization of machineries to optimize the utilization of resources. We analyze our existing raw material procurement policy and manufacturing processes to identify the areas of bottlenecks and take corrective measure wherever possible. This helps us in improving efficiency and putting resources to optimal use.

## SWOT ANALYSIS

| | |
|---|---|
| **STRENGTHS**<br>• Availability of low cost manpower<br>• Easy access to raw material | **WEAKNESS**<br>• Underutilization of capacity.<br>• Limited operating history. |
| **OPPORTUNITIES**<br>• Focus on product development.<br>• Increase in use of Hosiery products | **THREATS**<br>• Intense competition.<br>• No entry barriers in our industry which puts us to the threat of competition from new entrants |

## COLLABORATIONS

We have not entered into any technical or other collaboration.

## CAPACITY & CAPACITY UTILIZATION

| Year Of Commencement Of Operations | Aggregate Installed Capacity | Capacity Utilized ( % Of Installed Capacity) | | |
|---|---|---|---|---|
| | | 2013-14 | 2014-15 | 2015-16 |
| 01.03.2014 | 990.000 MT per annum | [●] | [●] | [●] |

## SALES AND MARKETING

The efficiency of the marketing and sales network is critical success of our Company. Our success lies in the strength of our relationship with our customers who have been associated with our Company. Our team through their vast experience and good rapport with clients owing to timely and quality delivery of service plays an instrumental role in creating and expanding a work platform for our Company. We believe our relationship with the clients is strong and established as we receive repeat order flows. To retain our customers, we regularly interacts with them and focuses on gaining an insight into the additional needs of customers. We intend to expand our existing customer base by reaching out to other geographical areas. Our products; leggings and thermal innerwear are sold under the brand name of 'Lekme'. Our Promoter and Director, Arvind Harlalka looks after the marketing of our products.

## MARKETING STRATEGY:

Our Company intend to focus on following marketing strategies:

- Introducing new range of products.
- Qualitative products
- Improve customer service
- Develop new market and customers

## COMPETITION

The Industry which we cater to is highly competitive and fragmented and we compete with organized as well as unorganized sector on the basis of availability of product, product quality and product range. Further, there are no entry barriers in this industry and any expansion in capacity of existing manufacturers would further intensify competition.

## EXPORT AND EXPORT OBLIGATIONS

Except as mentioned in the chapter titled *"Financial Statements as Restated"* beginning on page 199 of this Draft Red Herring Prospectus , our Company does not have any export obligation as on the date of filing the Draft Red Herring Prospectus.

## UTILITIES & INFRASTRUCTURE

**Infrastructure Facilities**

Our registered office is equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly. Our manufacturing facility is equipped with requisite utilities and infrastructure including the following:

**Raw Materials**

Our Company requires yarns and lycra as raw material. The requirement of raw material is met by procuring it from local domestic suppliers.

**Power**

Our Company meets its power requirements by purchasing electricity from WBSEB [●].

**Water**

Our water requirement quite low as we require water for drinking purpose only. We use water from bore well.

## HUMAN RESOURCE

We believe that our employees are key contributors to our busienss success. We focus on attracting and retaining the best posible talent.

As on the date of this Draft Red Herring Prospectus we have 9 employees on payroll. Our work progress and semi-skilled/ unskilled resources together with our strong management team have enabled us to successfully implement our growth plans.

| Details | Total |
|---|---|
| Company Secretary | 1 |
| CFO | 1 |
| Accountant | 1 |
| Factory Manager | 1 |
| Factory Worker | 3 |
| Others | 2 |
| **Total** | **9** |

## END USE

Our Business model is B2B as well as B2C based. Our products are used by

- Cloth Traders
- Apparel Manufactures
- Retail Outlets

## PLANT AND MACHINERY

**Stated below are the brief details of some of the major machineries utilized at our units:**

| Sr. No. | Name and Description | Quantity | Year of Purchase | Vendor |
|---|---|---|---|---|
| 1. | Circular Knitting Machines (Diameter 13,14,15,16,17,18) | 25 | 2013 | United Texmac Pte Ltd, Singapore |
| 2. | Stabilizer | 2 | 2013 | Quatron Control System |
| 3. | Weigh Machine | 1 | 2013 | Somatronics |
| 4. | Fabric Roll Checking Machine | 1 | 2014 | Santhamane Engineering |
| 5. | Cone Winding Machine | 1 | 2014 | Kalia Cone Winders |
| 6. | Air Compressor | 3 | 2013,2015,2016 | Trinity Tradex Pvt Ltd |
| 7. | Transformer | 1 | 2014 | Tiara Enterprise |
| 8. | Synker with Lycra Knitting Machines | 2 | 2015 | Fujian Taifan Industrial Co Ltd, China |

## PROPERTY

The following table sets forth the location and other details of the properties used by our Company:

| Description of Property | Name of Owner | Agreement Date | Amount (Rs.) | Purpose |
|---|---|---|---|---|
| 158, Lenin Sarani, Room No. 7B, 3rd Floor, Kolkata-700013 | Alok Harlaka (HUF) | 04.07.2016 | Rent Free | Registered Office |
| R.S. Dag No. 1422, 1426, 1427 and 1429, L.R. Dag No. 1472, 1476, 1477 and 1479, Jalan Complex, Gate No. 2, Mouza Baniara, J. L. No. 26, Domjur, Howrah, West Bengal. | Anup Fathepuria | 16.02.2015 | 31,350/- p.m. | Manufacturing Unit |

## INTELLECTUAL PROPERTY

Our logo is in the process for registration under the Trademark Act. The details are as follows:

| Sr. No. | Particulars | Authority | Application No. / Date of Application | Status |
|---|---|---|---|---|
| 1 | Gretex | Trade Mark Registry, Government of India | 2531591/ 15.05.2013 | Objected |
| 2 | Lekme | Trade Mark Registry, Government of India | 2953963/ 29.04.2015 | Objected |

## INSURANCE

The following are the details of the insurance policies obtained by our Company.

| Sl. No. | Name of Insured | Name of the Insurer | Policy No | Description | Property/Assets Insured | Validity Period | Sum Insured (Rs) | Premium(Rs) |
|---|---|---|---|---|---|---|---|---|
| 1 | Gretex Industries Ltd | ICICI Lombard General Insurance Company Ltd | 3001/102502989/01/000 | General Insurance | BMW | May 23, 2016 to May 22, 2017 | 25,42,134 | 96,178 |
| 2 | Gretex Industries Ltd | TATA AIG General Insurance Company Ltd | 2200067297 | General Insurance | Plant & Machineries, Furniture & Fixture, Generator, Raw Materials, Finished Goods, Fabric Checking Machine, Cone Rewinding Machine | September 19, 2015 to September 18, 2016 | 4,56,50,000 | 21,227 |

## KEY INDUSTRY REGULATIONS AND POLICIES

Except as otherwise specified in this Draft Red Herring Prospectus, the Companies Act, 1956 / the Companies Act, 2013, we are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye–laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business as a player in the business of manufacturing knitted fabrics and trading of textile related products. Taxation statutes such as the Income Tax Act, 1961 and applicable Labour laws, Environmental laws, Contractual laws, Intellectual Property laws as the case may be, apply to us as they do to any other Indian Company.

The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below may not be exhaustive, and are only intended to provide general information to Applicants and is neither designed nor intended to be a substitute for professional legal advice.

### APPROVALS

For the purpose of the business undertaken by our Company, our Company is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled *"Government and Other Statutory Approvals"* beginning on page 251 of this Draft Red Herring Prospectus.

### APPLICABLE LAWS AND REGULATIONS

### A. BUSINESS / TRADE RELATED REGULATIONS

### AMENDED TECHNOLOGY UP-GRADATION FUND SCHEME (ATUFS)

Ministry of Textiles, Government of India has notified Amended Technology Up gradation Fund Scheme vide notification dated January 13, 2016. In order to promote ease of doing business, promote make in India and increase the employment, government will be providing credit linked Capital Investment Subsidy (CIS) under the ATUFS. The scheme would facilitate augmenting of investment, productivity, quality, employment and exports. It will also increase investment in textile industry (using benchmarked technology). Entities registered as Companies which have acknowledgment of Industrial Entrepreneur Memorandum (IEM) with DIPP except MSMEs units which will be as per ministry of MSME or units registered with the concerned Directorates of the State Government showing clearly the activity for which the unit is registered, will only be eligible to get benefits under the scheme. Only benchmarked machinery as specified will be eligible for the subsidy under the scheme. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted to Rs.30 Crore.

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

The Government of India in November 2000 announced the National Textile Policy – 2000, thereby replacing the previous Textile Policy of 1985. Though it is to be noted that a revised national textile policy is in the framework stage, however the same is yet to be notified. The main objective of the NTxP – 2000 was to enable the industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. It aimed at achieving textiles and apparel exports of upto $ 50 billion by 2010 from the present $ 11 billion. It also de-reserved the garments sector from the SSI reservation list and lifted the foreign direct investment cap of 24 per cent. The NTxP – 2000 took note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets by the end of 2004.

**The objectives of the NTxP – 2000 are**:

- Facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing, to enable the textile industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage Foreign Direct Investment as well as research and development in the sector.
- Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment enable the textile industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage both Foreign Direct Investment as well as research and development in the sector;
- Develop a strong multi-fibre base with thrust on product upgradation and diversification;
- Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
- Enrich human resource skills and capabilities, with special emphasis on those working in the decentralized sectors of the textile industry; and for this purpose to revitalize the Institutional structure;
- Expand productive employment by enabling the growth of the textile industry, with particular effort directed to enhancing the benefits to the north east region;
- Make Information Technology (IT), an integral part of the entire value chain of textile
- production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing and;
- Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organizations in the fulfillment of these objectivesVide the NTxP – 2000 the Government has conveyed it‘s commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfil its obligation to different sections of society.

**West Bengal Textile Policy, 2013-2018**

With the objective of establishing West Bengal as a leading producer of globally competitive value added textiles and apparel products for both domestic and international markets in the overall textile value chain from fibre to finished product, the West Bengal Government issued West Bengal Textile Policy 2013-2018. Eligible entities shall be provided various subsidies and concessions under the policy.

The policy applies differently to, that is, establishes different magnitudes of concessions and subsidies for the four geographical divisions (termed as ‘Zones’ under the policy) created under it, namely, Zone A, B, C, and D.

Major subsidies and concessions under the policy are as follows-

- **Interest subsidy on term loan**

  Government will provide an interest subsidy to a percentage of the annual liability on the term loan for the implementation of the approved project depending on the location of the units.
  For units located in Zone B&C- 25% of total term loan interest subject to a ceiling of Rs.175 lakh/year for 5 years.

  For units located in Zone D- 25% of total term loan interest subject to a ceiling of Rs.175 lakh/year for 7 years.

- **Waiver of Electricity Duty**

  Waiver of electricity duty on the electricity consumed for the production/operation activity for a period from the date of commencement of production or operation.

  Zone B&C - 100% waiver of electricity on the electricity consumption for 5 years subject to a maximum of Rs.25 lakh per year or Rs.1.25 Crore for 5 years.

  Zone D - 100% waiver of electricity duty on the electricity consumption of 5 years and 75% waiver from the sixth year up to the tenth year subject to a maximum of Rs.50 Lacs per year or 2.5 Crore in 5 years.

- **Stamp duty and registration fee exemption**

  Refund of 75% of stamp duty paid by the enterprise for the purpose of registration of documents within the state of West Bengal relating to the purchase and acquisition of land and buildings for the setting up of the approved project

- **Freight Subsidy**

  A freight subsidy of 50% will be provided to units located in Zone D districts for supplies meant for exports from the State

- **Reimbursement of VAT**

  Zone B&C - 80% of VAT refund paid for 8 years or 75% of fixed capital investment whichever reached earlier.

  Zone D - 90% VAT refund paid for 8 years or 75% of fixed capital investment whichever reached earlier.

- **Entry Tax Concessions**

  State will provide reimbursement of Entry tax on –

  a) Plant, machinery available after beginning of commercial production by the unit.
  b) Procurement of raw material for initial 3 years.

- **Reimbursement of CST**

  Total refund for 3 years from the date of commencement of commercial production by the unit.

- **Capital investment subsidy**

  10% additional subsidy on capital investment will be provided for setting up of hosiery and apparel/garment over and above capital subsidy under this policy.

**West Bengal Incentive Scheme 2013 for Micro, Small & Medium Enterprises in Textile Sector**

In addition to the various concessions and subsidies provided to the textile sector by the West Bengal Textile Policy 2013-2018, this policy also provides the following concessions and subsidies-

- **Power Subsidy**

  For medium enterprise located in Zone A - Re.1/Kwh for 5 years from the date of commencement of production.

  For medium enterprise located in Zone B - Rs1.5/Kwh for 5 years from the date of commencement of production

  For, Powerloom located in Zone A - Subsidy of Rs. 1.50 / Kwh.

  For, Powerloom located in Zone B - Rs. 2.00 / Kwh.

  Such power subsidy shall not exceed Rs.40 lakh per year for a medium enterprise and shall be paid annually.

**West Bengal Incentive Scheme 2013 for Micro, Small and Medium Enterprises as modified up to 22.05.2015**

In addition to the various subsidies and concessions provided to medium enterprises in textile industry, by the West Bengal Textile Policy 2013-2018, the above mentioned scheme provides for **Power Subsidy -** Re.1.00 / Kwh for enterprises located in Zone – A & B area, which shall not exceed Rs.30 Lakh per year for a medium enterprise and will be payable annually.

**The Textiles Committee Act, 1963**

The TCS came into force on August 22, 1964.The textiles committee has been established under the Textiles Committee Act, 1963, (hereinafter referred to as the "Textile Committee") with the primary objective of ensuring a standard quality of textiles both for domestic and export markets as well as standardization of the type of textile machinery used for production. The Textiles Committee's functions include, among others, the promotion of Indian textiles and textile exports, researching in technical and economic fields, establishing standards for Indian textiles and textile machinery, setting up of laboratories, and data collection. Additionally, the Textile Committee regulates the imposition of cess on textile and textile machinery that is manufactured in India under the Textiles Committee Act. The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 prescribes and provides for the levy and collection of an additional excise duty on certain textiles and textile articles.

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

The Textile Order was brought into force by the Central Government under section 3 of the Essential Commodities Act, 1955 and repealed the Textile (Development and Regulation) Order, 1993. Under the Textile Order every manufacturer of textiles, textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, consumption, etc. and shall furnish such returns or information in respect of their business as and when directed by the Textile Commissioner.

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

**Export Promotion Capital Goods Scheme (EPCG Scheme)**

To facilitate import of capital goods for producing quality goods and services to enhance India's export competitiveness.EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers. Also covers a service provider who is designated / certified as a Common Service Provider (CSP) by the DGFT.

The EPCG Scheme allows import of capital goods for pre-production, production and post production at 5% customs duty subject to an export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of the license. The EPCG Scheme covers manufacturer, exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers. Capital goods would be allowed at 0% duty for exports of agricultural products and their value added variants. However, in respect of EPCG licences with a duty saved of Rs.100 crore or more, the same export obligation shall be required to be fulfilled over a period of 12 years.

**Advance Authorization Scheme**

Advance Authorization Scheme is a duty exemption scheme issued to allow duty free import of inputs, which are physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, energy, catalysts which are consumed / utilized to obtain export product, may also be allowed. The DGFT, by means of Public Notice, may exclude any product(s) from the purview of Advance Authorization. Advance Authorizations are exempted from payment of basic

customs duty, additional customs duty, education cess, antidumping duty and safeguard duty, if any. The facility of Advance Authorization shall also be available where some or all inputs are supplied free of cost to exporter by foreign buyer.

**Duty Entitlement Passbook Scheme (DEPB)**

DEPB is a duty remission scheme enabling post export replenishment / remission of duty on inputs used in export products. The Objective of DEPB is to neutralize the incidence of customs duty on import content of export product. Component of Special Additional Duty and customs duty on fuel shall also be allowed under DEPB (as a brand rate) in case of non availment of CENVAT credit. The neutralization shall be provided by way of grant of duty credit against the export product. An exporter may apply for credit, at a specified percentage of FOB value of exports, made in freely convertible currency or payment made from foreign currency account of SEZ unit / SEZ Developer in case of supply by DTA. Credit shall be available against such export products and at such rates as may be specified by DGFT by way of public notice. Credit may be utilized for payment of Customs Duty on freely importable items. The DEPB holder shall have the option to pay additional customs duty in cash as well. DEPB credit rates have been prescribed for textiles and clothing products. DEPB credit rates have been prescribed for 83 textiles and clothing products out of which 6 talks about silk products. The scheme aims to neutralize the incident of basic and special custom duty on the import content of the export product, by way of grant of duty credit against the export product at specified rates. However, these export incentives may be reviewed shortly to make them WTO-compatible.

**Foreign Trade (Development and Regulation) Act, 1992**

The Act for the Development and Regulation of foreign trade by facilitating imports and exports from and to India. The Import-Export Code number and licence to import or export and includes a customs clearance permit and any other permission issued or granted under this act. The Export and Import policy, provision for development and regulation of foreign trade shall be made by the Central Government by publishing an order. The Central Government may also appoint Director General of Foreign Trade (DGFT) for the purpose of Export-Import Policy formulation.

If any person makes any contravention to any law or commits economic offence or imports/exports in a manner prejudicial to the trade relations of India or to the interest of other person engaged in imports or exports then there shall be no Import Export Code number granted by Director-General to such person and if in case granted shall stand cancelled or suspended. Provision of search and seizure of Code of Criminal Procedure, 1973 shall apply to every search and seizure made under this Act. In case of appeals in a case the order made by the appellate authority shall be considered to be final. The powers of all the civil court under Code of Civil Procedure, 1908 shall vest in him.

The EXIM Policy is a set of guidelines and instructions established by the DGFT in matters related to the export and import of goods in India. This policy is regulated under the said act. Director General of Foreign Trade (herein after referred to as DGFT) is the main governing body in matters related to the EXIM Policy. The Act shall provide development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce).

**Foreign Exchange Management Act, 1999**

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The act aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom this Act applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter,

having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

**FEMA Regulations**

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.

**The Legal Metrology Act, 2009**

An act to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters incidental thereto. The part of metrology in relation to weighing and measuring units as well as methods of weighing and measuring instruments with the object of ensuring public guarantee and from the point of view of security and accuracy of weighing and measurement. Any weight or measure which conforms to the standard of such weight or measure and also conforms to such of the provisions of Sec. 7 as are applicable to it shall be the standard of weight or measure. Any numeral which conforms to the provisions of Sec. 6 shall be the standard numeral. It further provides that no weight, measure or numeral, other than the standard weight, measure or numeral shall be used as a standard weight, measure or numeral.

Every reference standard, secondary standard and working standard shall be verified and stamped in such manner and after payment of such fee as may be prescribed. Every reference standard, secondary standard and working standard which is not verified and stamped in accordance with the provisions shall not be deemed to be a valid standard. The provision relating to Use and Prohibition provides that no person shall, in relation to any goods, things or service quote, or make announcement of, whether by word of mouth or otherwise, any price or charge, or issue or exhibit any price list, invoice, cash memo or other document, or prepare or publish any advertisement, poster or other document, or indicate the net quantity of a pre-packaged commodity, or express in relation to any transaction or protection, any quantity or dimension, otherwise than in accordance with the standard unit of weight, measure or numeration.

No person shall manufacture, repair or sell, or offer, expose or possess for repair or sale, any weight or measure unless he holds a licence issued by the Controller. No licence to repair shall be required by a manufacturer for repair of his own weight or measure in a State other than the State of manufacture of the same. The Controller shall issue a licence in such form and manner, on such conditions, for such period and such area of jurisdiction and on payment of such fee as may be prescribed.

**The 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;

c. 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 rated 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.

The MSMED act provides for appointment and establishment of National Board by the Central Government for MSME enterprise with its head office at Delhi. The Central Government may from time to time for the purpose of promotion and development of the MSME and to enhance the competitiveness in the sector organise such programmes, guidelines or instructions, as it may deem fit. In case of any offences under this act, no court inferior to that of Metropolitan Magistrate or Chief Metropolitan Magistrate shall try the offence under this act.

**Competition Act, 2002**

The Competition Act, 2002 (the "Competition Act") 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 04, 2011 and came into effect on June 01, 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 01, 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.

## B. GENERAL CORPORATE COMPLIANCE

**The Companies Act 1956 and The Companies Act, 2013**

The Companies act 1956 is still applicable to the extent not repealed and the Companies Act, 2013 is applicable to the extent notified. The act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the act. The provision of this act shall apply to all the companies incorporated either under this act or under any other previous law. It shall also apply to banking companies, companies engaged in generation or supply of electricity and any other company governed by any special act for the time being in force. A company can be formed by seven or more persons in case of public company and by two or more persons in case of private company. A company can even be formed by one person i.e., a One Person Company. The provisions relating to forming and allied procedures of One Person Company are mentioned in the act.

Further, Schedule V (read with sections 196 and 197), Part I lay down conditions to be fulfilled for the appointment of a managing or whole time director or manager. It provides the list of acts under which if a person is prosecuted he cannot be appointed as the director or Managing Director or Manager of the firm. The provisions relating to remuneration of the director's payable by the companies is under Part II of the said schedule.

**APPROVALS FROM LOCAL AUTHORITIES**

Setting up of a factory or a manufacturing or housing unit entails that the requisite planning approvals are obtained from the relevant local panchayat(s) outside the city limits and the appropriate metropolitan development authority within the city limits. Consents from the State Pollution Control Board(s), the relevant State Electricity Board(s) and the State Excise Authorities (Sales Tax) are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

## C. ENVIRONMENTAL REGULATIONS

The Company is subject to Indian laws and regulations concerning environmental protection, in particular, the discharge of effluent water and solid particulate matter during its manufacturing processes. The principal environmental regulations applicable to industries in India are the Water (Prevention and Control of Pollution) Act, 1974, the Water (Prevention and Control of Pollution) Cess Act, 1977, the Air (Prevention and Control of Pollution) Act, 1981, the Environment Protection Act, 1986 and the Hazardous Wastes (Management and Handling) Rules, 1989. Further, environmental regulations require a company to file an Environmental Impact Assessment ("EIA") with the State Pollution Control Board ("PCB") and the Ministry of Environment and Forests ("MEF") before undertaking a project entailing the construction, development or modification of any plant, system or structure. If the PCB approves the project, the matter is referred to the MEF for its final determination. The estimated impact that a particular project might have on the environment is carefully evaluated before granting clearances. When granting clearance, conditions may be imposed and the approving authorities may direct variations to the proposed project. The PCBs located across the various states in India monitor compliance with the applicable environmental regulations. No industrial or production facility may operate without a valid authorization or consent from the jurisdictional PCB. PCBs routinely inspect industrial and production facilities, to monitor compliance with applicable environmental standards and regulations, including the provisions of the Water Act and the Water Access Act. PCBs are also empowered to grant authorization for the collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility. Violations of relevant environmental regulations are punishable by monetary fines and imprisonment for company officers and controlling persons. The authorities are further empowered to shut down operations of a defaulting concern.

**The Environment Protection Act, 1986 ("Environment Protection Act")**

The purpose of the Environment Protection Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

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

The Water (Prevention and Control of Pollution) Act 1974 ("the Act") was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Act.

**Water (Prevention and Control of pollution) Cess Act, 1977**

The Central Government has the power to exempt the levy of water cess. The Central Government shall take into consideration nature of raw materials, effluents, source of water extraction, nature of effluent receiving bodies and production data. Schedule II of the act gives details regarding purpose for which water is consumed in different industries. The act lays down levy and collection of cess for the purpose of Water Act, 1974.

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

Air (Prevention and Control of Pollution) Act 1981("the Act") was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Act has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Act, if a person intends to commence an industrial plant in a pollution control area.

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

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required.

**The Public Liability Insurance Act, 1991**

This Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

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

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous wastes to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous wastes is required to obtain an approval from the relevant state PCB for collecting, storing and treating hazardous wastes.

**Integrated Processing Development Scheme**

The Integrated Processing Development Scheme seeks to address environmental concerns of the textile industry, including improving the effluent infrastructure. This scheme has received approval of the Cabinet Committee on Economic Affairs, GoI and is proposed to be implemented during the twelfth five year plan and has an outlay of ` 5,000 million.

## D. EMPLOYMENT AND LABOUR LAWS

**The Factories Act, 1948**

The Factories Act, 1948 ("Factories Act") aims at regulating labour employed in factories. A "factory" is defined as "any premises whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were 81 working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...". The main aim of the said Act is to ensure adequate safety measures and to promote the health and welfare of the workers employed in factories initiating various measures from time to time to ensure that adequate standards of safety, health and welfare are achieved at all the places.

Under the Factories Act, the State Government may make rules mandating approval for proposed factories and requiring licensing and registration of factories. The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures. The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the "occupier", being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine. The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

**Employee's Compensation Act, 1923**

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

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

The development and regulation of certain industries are governed under this act. For the purpose of advising on matters relating to relating to development and regulation, the central government may establish a council known as central advisory council. This council shall have not more than 31 members including the chairman who shall be appointed by the Central Government. Every industrial undertaking shall be registered within such period as the central government may notify in this regard. The Central Government has direct power to assume management or control of an industrial undertaking owned or for companies in liquidation.

**Employees' Provident Funds and Miscellaneous Provisions Act, 1952** ("**EPF Act**")

The EPF Act is applicable to the establishment employing more that 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund.

**Employees Provident Fund Scheme, 1952**

The Central Government under section 5 of the EPF Act (as mentioned above) frames Employees Provident Fund Scheme, 1952. The Chairman of the Central Board shall call a meeting of the Board for the purpose of election to the Executive Committee of the members representing the employer or the employees as the case may be. In case of meetings a notice of not less than 15 days from the date of posting with all the required details of the meeting shall be dispatched by registered post or by special messenger to each trustee or the member of committee that are present in India. The provisions relating to Chairman presiding over the meeting or Quorum or nomination of the business are laid down under the scheme. A previous sanction of the Central Government for undertaking any work by the Central provident fund commissioner and the financial adviser. The act gives an express provision for classes of employees and membership of the fund.

**Employees Deposit Linked Insurance Scheme, 1976**

The scheme shall be administered by the Central Board constituted under section 5A of the EPF Act. The Central Board may by resolution delegate all or any of its power to the Chairman or Commissioner or both, to sanction the expenditure on any single item. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under 8A of the act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer's contribution and also Central Government's contribution to the insurance fund shall be credited to an account called as "Deposit-Linked Insurance Fund Account."

**The Employees Family Pension Scheme, 1995**

Family pension in relation to this act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this act. Every employee who is member of EPF or PF has an option of for joining scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the entire employee who is member of the fund.

**Employees State Insurance Act, 1948 (the "ESI Act")**

All the establishments to which the ESI Act applies are required to be registered under the ESI Act with the Employees State Insurance Corporation. This Act requires all the employees of the

establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department. The Act was enacted with the motive of providing for certain benefits to employees in case of sickness, maternity, and employment injury and to make for provision of certain other matters. There shall be for the purpose of administration of the scheme of Employees State Insurance in accordance with the provisions of this Act a Corporation to be known as Employees State Insurance Corporation. This corporation shall be a body corporate having perpetual succession and common seal. All contributions paid under this act and all other money received on behalf of the Corporation shall all be paid into a fund called the Employees State Insurance Fund.

**Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 (the **"Gratuity Act**") establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions. Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. Presently, an employer is obliged for a maximum gratuity payout of Rs.10,00,000/- for an employee.

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

Payment of Wages Act, 1936 contains provisions as to the minimum wages that are to be fixed by the appropriate Governments for the employees, fixation and revision for the minimum wages of the employees, entitlement of bonus to the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.

**Minimum Wages Act, 1948 ("MWA Act")**

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government. Such employer is also required to maintain registers and exhibits giving the particulars of wages paid to employees.

**Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment covered under this Act to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

**Child Labour Prohibition and Regulation Act 1986**

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

**Maternity Benefit Act, 1961**

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

**Equal Remuneration Act, 1976**

The Equal Remuneration Act, 1976 provides for payment of equal remuneration to men and women workers and for prevention of discrimination, on the ground of sex. It states that no employer shall pay to any worker, employed by him in an establishment or employment, remuneration, whether payable in cash or in kind, at rates less favorable than those at which remuneration is paid by him to the workers of the opposite sex in such establishment or employment for performing the same work or work of a similar nature.

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

In order to curb the rise in sexual harassment of female at workplace, this act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms sexual harassment and workplace are both defined in the act. Every employer should also constitute an "Internal Complaints Committee" and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

**Industrial Disputes Act, 1947 ("ID Act") and Industrial Dispute (Central) Rules, 1957**

The ID Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The ID Act was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The ID Act also sets out certain requirements in relation to the termination of the services of the workman. The ID Act includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment

## E. TAX RELATED LEGISLATIONS

**Central Sales Tax Act, 1956**

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

**Service Tax**

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of "taxable services", defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the

5th / 6th of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by the 25th of the month immediately following the half year to which the return relates.

**The Value Added Tax Act ("VAT")**

Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

**West Bengal Value Added Tax Act, 2003 ("WBVAT")**

West Bengal Value Added Tax, 2003 (WBVAT Act) was made effective in the state of West Bengal from 27th December, 2004. Goods which are governed by the WBVAT Act, shall not be governed by West Bengal Sales Tax Act, 1994. However, any liability or obligation acquired, any penalty imposed, any investigation initiated, any proceedings pending under the latter, in respect of any transaction effected before 27th December, 2004 or in respect of any action relating to such transaction, shall remain unaffected by the provisions of the WBVAT Act and shall survive. The basic requirement of charging tax under WBVAT Act is that where any sale or purchase in the course of business is affected, in the State of West Bengal, VAT is payable under WBVAT Act. Transactions made in the course of business only are covered under the WBVAT Act. The basis of levy of tax is the value added to such goods at each stage of sale of such goods and on purchases of certain goods in West Bengal in specified circumstances. In order to comply with the provisions of the WBVAT Act, the Company needs to follow the procedures laid down under the West Bengal Value Added Tax Rules, 2005.

**The Customs Act, 1962**

All the laws relating to customs are consolidated under the Indian Customs Act, 1962. The officers of customs shall be appointed by the Central Government as it thinks fit. An officer of customs may exercise the powers and discharge the duties conferred on him. The provisions relating to appointment of customs ports, airports, warehousing stations are laid down under the act. There shall be absolute or partial prohibition on import or export of goods by the Central Government for maintenance of security in India. The interest on levy of or exemption of Customs duty is thus laid down under the act. The clearance of imported goods and export shall not apply to baggage and goods imported or to be exported by post.

**West Bengal State Tax on Profession, Trades, Callings And Employment Act, 1979. And The West Bengal State Tax On Professions Trades, Callings And Employments Rules, 1979**

Profession Tax is a tax levied on a person engaged in any profession, trade, calling and employment in West Bengal. The West Bengal State Legislature enacted the "West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979" and Rules of 1979, and these came into effect on and from April 1, 1979. Under the said Act and Rules, Person means any person who is engaged in any profession, trade and calling or employment in West Bengal and include (i) a Hindu Undivided Family, Firm, Company, Corporation or other Corporate body, any Society, Club or Association; & (ii) every branch or office of such firm, company, corporation or other corporate body, any society, club or association, so engaged. Employer means the person or the officer who is responsible for disbursement of salary or wages, and includes the head of the office or any establishment as well as the manager or agent of the employer. An Employer requires Certificate of Registration, monthly payment of tax and filing of annual Return. Every Employer is liable to deduct profession tax from the salary or wages payable to his employee(s), as per the slab mentioned in Serial No.1 of the Schedule. Profession Tax is payable at the rates specified in the Profession Tax Schedule Such employer (not being an officer of Government) is required to apply and secure a Certificate of Registration. An employer who is liable to pay tax shall apply for registration on-line

through PT Registration module. The application is to be made within 90 days from the date of liability. All registered Employers are required to submit returns electronically through PT Return module. The hard copy of the return, as electronically transmitted, along with the acknowledgement and tax paid challan(s) are also required to be furnished within 15 days of the following month to the prescribed authority. The return period is annual. Commissioner of Profession Tax or Additional Commissioner of Profession Tax may accord permission, on the application of a registered employer having more than one place of work under the jurisdiction of different authorities, for furnishing a "consolidated return and to pay tax centrally (in respect of all such places of work) from his principal place of business.

**OTHER LAWS**

**Shops and establishments laws in various states**

Under the provisions of local Shops and Establishments laws applicable in various states, establishments are required to be registered. Such laws regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

## F. INTELLECTUAL PROPERTY LEGISLATIONS

In general the Intellectual Property Rights includes but is not limited to the following enactments:

- Indian Patents Act, 1970
- The Copyrights Act, 1957
- The Trademarks Act, 1999
- The Information Technology Act, 2000

**The Patents Act, 1970**

A patent is an intellectual property right relating to inventions and is the grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling, importing the patented product or process producing that product. The term invention means a new product or process involving an inventive step capable of industrial application.

**The Copyright Act, 1957**

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

**Trade Marks Act, 1999**

The Trade Marks Act, 1999 (the "**Trade Marks Act**") provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

**The Information Technology ("IT") Act, 2000**

This Act aims to provide the legal infrastructure for e-commerce in India. And the cyber laws have a major impact for e-businesses and the new economy in India. So, it is important to understand what are the various perspectives of the IT Act, 2000 and what it offers. The Information Technology Act, 2000 also aims to provide for the legal framework so that legal sanctity is accorded to all electronic records and other activities carried out by electronic means. The Act states that unless otherwise agreed, an acceptance of contract may be expressed by electronic means of communication and the same shall have legal validity and enforceability.

## G. HUMAN RESOURCE DEVELOPMENT

### TEXTILE WORKERS' REHABILITATION FUND SCHEME (TWRFS)

In order to protect the interests of the workers of closed mills, the Textile Workers' Rehabilitation Fund Scheme (TWRFS) came into force with the objective of providing interim relief to textile workers rendered unemployed as a consequence of the permanent closure of any particular portion of, or the entire textile unit. The assistance under TWRFS is available to eligible workers only for the purpose of enabling them to settle in other gainful employment and is available only for three years on a tapering basis, but would not extend beyond the date of super-annuation of any worker. A closed textile mill should be licensed under the Industrial (Development and Regulation) Act, 1951 or registered with the Textile Commissioner as a medium scale unit on the date of the closure. The mill should have obtained the requisite permission for closure from the appropriate State Government under Section 25(o) of the Industrial Disputes Act, 1947, or should be taken over by an Official Liquidator appointed by the High Court, and the unit should have closed down on or after June 6, 1985. This also includes partially closed units, wherein the State Government recommends that an entire uneconomic activity (like weaving or processing) is scrapped as a part of rehabilitation package for a sick/weak mill (as per the RBI definition) approved by the Nodal Agency/BIFR, provided the scrapped capacity is surrendered for cancellation and endorsement is made on the License /Registration certificate to this effect.

### GENERAL LAWS

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Income Tax Act 1961, Negotiable Instrument Act 1881, Indian Contract Act 1872, Specific Relief Act 1963, Transfer of Property Act 1882, Indian Stamp Act 1899, Indian Registration Act 1908 and Consumer Protection Act, 1986 are also applicable to the company.

## H. POLICIES APPLICABLE

### THE FOREIGN DIRECT INVESTMENT

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment **("FDI")** through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India **("DIPP"),** has issued consolidated FDI Policy Circular of 2016 **("FDI Policy 2016")**, which with effect from June 7, 2016, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2016 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India **("RBI")** also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2016, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Therefore applicable foreign investment up to 100% is permitted in our company under automatic route.

## OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was originally incorporated *vide* Certificate of Incorporation dated July 16, 2009 as 'Heritage Barter Private Limited' under the provisions of the Companies Act, 1956 with the Registrar of Companies, West Bengal bearing Corporate Identification Number U51909WB2009PTC136911. Subsequently, the name of our Company was changed to 'Gretex Industries Private Limited' *vide* special resolution passed by the shareholders of our Company in their meeting held on January 22, 2013 and fresh Certificate of Incorporation consequent upon change of name issued by the Registrar of Companies, West Bengal on February 7, 2013. Our Company was converted into a Public Limited Company pursuant to a special resolution passed by shareholders of our Company at their meeting held on October 21, 2013 and the name of our Company was changed to 'Gretex Industries Limited'. A fresh Certificate of Incorporation was issued by the Registrar of Companies, West Bengal on November 20, 2013. The Corporate Identity Number of our Company is U17296WB2009PLC136911

Rajib Nandi, Bivash Nandi and Bijoy Gupta were the subscribers to the Memorandum of our Company. Ambuja Technologies Private Limited, and Ambition Tie-up Private Limited subsequently acquired shares in 2010. Further Arvind Harlaka and Sumit Harlaka acquired shares in 2013.

Ambuja Technologies Private Limited, Ambition Tie-up Private Limited, Arvind Harlaka and Sumit Harlaka are Promoters of our Company.

Our Company is into knitting activities and is engaged in manufacturing of hosiery which includes wollycoat, thermal innerwear, leggings, etc. We also undertake job work activities for various brands.

For further details of our Company's activities, services and the growth of our Company, please refer to the chapters titled "*Our Business", "Our Industry", "Our Management"* and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*' beginning on page 140, 111, 167 and 235 respectively of this Draft Red Herring Prospectus.

### CHANGES IN OUR REGISTERED OFFICE

Our Company's Registered Office is currently situated at 158, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata – 700 013, West Bengal

Details of changes in the address of the Registered Office of our Company are set forth as under:

| Effective Date | From | To | Reason |
|---|---|---|---|
| November 16, 2009 | 114, Rabindra Sarani, 1st Floor, Room No. 39/1, Kolkata – 700 007, West Bengal, India | 158, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata – 700 013, West Bengal, India | Administrative convenience |
| June 10, 2012 | 158, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata – 700 013, West Bengal, India | 202, Jessore Road, Block – B, Shyama Lake Garden, Shop No. 5, Kolkata – 700 089, West Bengal | Administrative convenience |
| September 1, 2012 | 202, Jessore Road, Block – B, Shyama Lake Garden, Shop No. 5, Kolkata, West Bengal 700089 | 158, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata, West Bengal, India 700013 | Commercial Reasons |

### KEY EVENTS AND MILESTONES

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

| Year | Event |
|---|---|
| July 2009 | Incorporation of the Company in the name and style of "Heritage Barter Private Limited" |
| October 2012 | Setting Up of a manufacturing unit at Jalan Industrial Complex, Howrah |
| January 2013 | The Company's name changed to "Gretex Industries Private Limited" |
| August 2013 | Purchase of 25 Circular Knitting Machines from Singapore for factory premises for production of Interlock & Fleece Fabric |
| October 2013 | The Company was converted into a public limited company and the name of our Company was changed to "Gretex Industries Ltd" |
| March 2014 | Starting of Commercial Production for job work. |
| March 2015 | Purchased Machinery from China for manufacturing of Syncer, Rib with Lycra Fabric for production of Leggings & T-Shirts |

## OUR MAIN OBJECTS

1. To carry on the business of manufacture and sale for domestic and export, of all kind of apparel, made of knitted or Woven materials, cotton, silk, synthetic, blended including innerwear such as undergarments, briefs, vests, brasseries and panties, and outwear such as T-shirts, sportswear, swimsuits, suits, shirts, trousers, pants, socks, gloves, gowns, frocks, skirts, tops or other outer wearing apparel and the parts and accessories thereof.

2. To carry on the business of trading in wearing apparel, garments, underwear, and outerwear, textiles, trimmings and component parts of apparel, accessories of apparel, made-up articles of textile such as bed sheets, towels furnishing, fabrics and the like.

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

| Date of Shareholder's Approval | Amendment |
|---|---|
| March 29, 2010 | The Authorized Share Capital of Rs. 1,00,000 consisting of 10,000 Equity Shares of Rs. 10/- each was increased to Rs. 5,00,000 consisting of 50,000 Equity Shares of Rs. 10/- each. |
| January 22, 2013 | Clause I of the Memorandum of Association of the Company changed to reflect changed name of the Company as "Gretex Industries Private Limited" from "Heritage Barter Private Limited" |
| January 22, 2013 | Clause III (A) of the Memorandum of Association of the Company was amended to delete clause 1 and substitute the same with the following clauses 1 and 2<br><br>*To carry on the business of manufacture and sale for domestic and export, of all kinds of apparel, made of knitted or woven material, cotton silk, synthetic, blended including innerwear such as undergarments, briefs, vests, brasseries and panties, and outerwear such as T shirts, sportswear, swimsuits, suits, shirts, trousers, pants socks, gloves, gowns, frocks skirts, tops or other outer wearing apparel, and the parts and accessories thereof.*<br><br>*To carry on the business of trading in wearing apparel, garments, underwear and outerwear, textiles trimmings and component parts of apparels, accessories of apparels, made-up articles of textile such as bed sheets, towels furnishing, fabric and the like.* |
| September 3, 2013 | The Authorized Share Capital of Rs. 5,00,000 consisting of 50,000 Equity Shares of Rs. 10/- each was increased to Rs. 10,00,000 consisting of 1,00,000 Equity Shares of Rs. 10/- each. |
| October 21, 2013 | Clause I of the Memorandum of Association of the Company changed to |

| Date of Shareholder's Approval | Amendment |
|---|---|
| | reflect changed name of the Company as "Gretex Industries Limited" from "Gretex Industries Private Limited" on conversion of the Company into Public Company. |
| June 15, 2015 | The Authorized Share Capital of Rs. 10,00,000 consisting of 1,00,000 Equity Shares of Rs 10/- each was increased to Rs 3,50,00,000 divided into 35,00,000 Equity shares of Rs 10/- each. |
| | The Authorized Share Capital Rs 3,50,00,000 divided into 35,00,000 Equity shares of Rs 10/- each was increased to Rs 4,50,00,000 divided into 45,00,000 Equity shares of Rs 10/- each |

## OUR HOLDING / SUBSIDIARY COMPANY

Our Company has neither holding nor subsidiary company as on date of filing of this Draft Red Herring Prospectus.

## OTHER DECLARATIONS AND DISCLOSURES

Our Company is not a listed entity and its securities have not been refused listing at any time by any recognized stock exchange in India or abroad. Further, our Company has not made any Public Issue or Rights Issue (as defined in the SEBI (ICDR) Regulations) in the past. No action has been taken against our Company by any Stock Exchange or by SEBI. Our Company is not a sick company within the meaning of the term as defined in the Sick Industrial Companies (Special Provisions) Act, 1985. Our Company is not under winding up nor has it received a notice for striking off its name from the relevant Registrar of Companies.

## PROMOTERS OF OUR COMPANY

Ambuja Technologies Private Limited, Ambition Tie-up Private Limited, , Arvind Harlaka and Sumit Harlaka are Promoters of our Company.

## SELLING SHAREHOLDERS

Ambition Tie-up Private Limited, Bonanza Agencies Private Limited and Talent Investment Company Private Limited.

## CAPITAL RAISING THROUGH EQUITY OR DEBT

For details in relation to our fund raising activities through equity and debt, please refer to the chapters titled *"Capital Structure"* beginning on page 78 of this Draft Red Herring Prospectus.

## REVALUATION OF ASSETS

Our Company has not revalued its assets since its incorporation.

## CHANGES IN THE ACTIVITIES OF OUR COMPANY IN THE LAST FIVE YEARS

Our Company has altered its objects to include manufacturing of apparel, knitted fabric, woven material, etc. and discontinued the erstwhile business. Other than this, there has been no change in the activities being carried out by our Company during the preceding five years from the date of this Draft Red Herring Prospectus which may have a material effect on the profits/ loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

## INJUNCTIONS OR RESTRAINING ORDERS

There are no injunctions / restraining orders that have been passed against the Company.

## MERGERS AND ACQUISITIONS IN THE HISTORY OF OUR COMPANY

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

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

There have been no Defaults or Rescheduling of borrowings with financial institutions/banks. None of our outstanding loans have been converted into equity shares.

## STRIKES AND LOCK-OUTS

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock- outs.

## STRATEGIC/ FINANCIAL PARTNERS

Our Company does not have any Strategic/Financial partner(s) as on the date of this Draft Red Herring Prospectus.

## TIME AND COST OVERRUNS IN SETTING UP PROJECTS

As on the date of this Draft Red Herring Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

## AGREEMENTS WITH OUR PROMOTER AND PROMOTER GROUP

Except for agreements for appointment as Managing Director, there are no other agreements with our Promoter and Promoter Group.

## SHAREHOLDERS' AGREEMENT

Our Company has not entered into any shareholders' agreement as on the date of this Draft Red Herring Prospectus.

## CONVERSION OF LOANS INTO EQUITY SHARES

There has been no incident of conversion of loans availed from financial institutions or banks into Equity Shares as on the date of this Draft Red Herring Prospectus.

## OTHER AGREEMENTS

Our Company does not have any other agreement as on the date of this Draft Red Herring Prospectus.

## NUMBER OF SHAREHOLDERS

Our company has 8 shareholders as on date of this Draft Red Herring Prospectus.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

Under our Articles of Association our Company is required to have not less than 3 directors and not more than 15 directors, subject to the applicable provisions of the Companies Act. Our Company currently has 4 directors on our Board.

The following table sets forth certain details regarding the members of our Company's Board as on the date of this Draft Red Herring Prospectus:

| Sr. No. | Name, Father's / Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN | Date of Appointment | Other Directorships |
|---|---|---|---|
| 1 | **Name**: Arvind Harlalka<br>**Age**: 40 years<br>**Father's Name**: Late Purshottam Harlalka<br>**Designation**: Chairman & Managing Director<br>**Address**: 19B, 2nd Floor, B B Ganguly Street, Kolkata - 700012, West Bengal, India<br>**Occupation**: Business<br>**Nationality**: Indian<br>**Term**: Five years from June 29, 2015, subject to liable to retire by rotation<br>**DIN**: 00494136 | **Appointed as Director** on February 24, 2010<br>**Designated as Chairman & Managing Director** on June 29, 2015 | **Public Limited Company:**<br>Nil<br>**Private Limited Company:**<br>1. Afterlink Infraprojects Private Limited<br>2. Sankhu Merchandise Private Limited<br>3. Apsara Selections Private Limited<br>4. Sherwood Securities Private Limited<br>5. Ambuja Technologies Private Limited<br>6. Sankhu Entertainment & Production Private Limited<br>7. Gretex Corporate Services Private Limited |
| 2 | **Name**: Sumit Harlalka<br>**Age**: 33 years<br>**Father's Name**: Late Purshottam Das Harlalka<br>**Designation**: Non Executive Director<br>**Address**: 19B, 2nd Floor, B B Ganguly Street, Lalbazar, Kolkata - 700012, West Bengal, India<br>**Occupation**: Business<br>**Nationality**: Indian<br>**Term**: Liable to retire by rotation<br>**DIN**: 00474175 | **Appointed as Director** on June 16, 2016 | **Public Limited Company:**<br>Nil<br>**Private Limited Company:**<br>1. Suhaan Cloth Merchant Private Limited<br>2. Suhaan Hosiery Private Limited<br>3. Suhaan E-Commerce Private Limited<br>4. Suhaan Lifestyle Private Limited<br>5. Suhaan Solutions Private Limited<br>6. Sankhu Merchandise Private Limited<br>7. Apsara Selections Private Limited<br>8. Suhaan Trading Private Limited<br>9. Suhaan Software Development Private Limited |

| Sr. No. | Name, Father's / Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN | Date of Appointment | Other Directorships |
|---|---|---|---|
| | | | 10. Ambuja Technologies Private Limited<br>11. Suhaan Technologies Private Limited<br>12. Suhaan Events Private Limited<br>13. Suhaan Fabrico Private Limited<br>14. Gretex Corporate Services Private Limited |
| 3 | **Name**: Rahul Kumar<br>**Age**: 34 years<br>**Father's Name**: Bijay Kumar Agrawal<br>**Designation**: Independent Director<br>**Address :** 25 Foota Road, HN-47, Premnagar, Najafgarh, South West Delhi, Delhi-110043<br>**Occupation**: Business<br>**Nationality**: Indian<br>**Term**: Five years. Not liable to retire by rotation<br>**DIN**: 07544872 | **Appointed as Independent Director** on June 16, 2016 | **Public Limited Company:**<br>Nil<br>**Private Limited Company:**<br>Nil |
| 4 | **Name**: Soma Nath<br>**Age**: 31 years<br>**Father's Name**: Guru Prosad Majumdar<br>**Designation**: Independent Director<br>**Address :** 6/1, Gulepara Road, Kolkata Municipal Corporation, Parnasree, Kolkata, West Bengal, India 700061<br>**Occupation**: Business<br>**Nationality**: Indian<br>**Term**: Five years. Not liable to retire by rotation<br>**DIN**: 07544903 | **Appointed as Independent Director** on June 16, 2016 | **Public Limited Company:**<br>Nil<br>**Private Limited Company:**<br>Nil |

## BRIEF PROFILE OF THE DIRECTORS OF OUR COMPANY

**Arvind Harlalka,** aged about 41 years, ACS, is the Chairman & Managing Director of our Company. He has completed Bachelor of Commerce from the University of Calcutta. He is actively involved in the day to day management of the company and takes vital role in its decision making process.

**Sumit Harlalka**, aged about 33 years, is a Non Executive Director of M/s. Gretex Industries Limited.

**Rahul Kumar**, aged 35 years, is an independent director of the Company. He has completed Bachelor of Commerce from the University of Delhi in 2002.

**Soma Nath**, aged 32 years is an independent director of the Company. She has completed Master of Arts in History in 2007.

## CONFIRMATIONS

As on the date of this Draft Red Herring Prospectus:

1. Except as stated below, none of the Directors of the Company are related to each other within the meaning of section 2(77) of the Companies Act, 2013.

| Director | Other Director | Relations |
|---|---|---|
| Arvind Harlalka | Sumit Harlalka | Brothers |

2. There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or member of the senior management.
3. The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
4. None of the above mentioned Directors are on the RBI List of wilful defaulters.
5. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) or (b) delisted from the stock exchanges during the term of their directorship in such companies. None of the Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

## REMUNERATION / COMPENSATION OF DIRECTORS

Except as mentioned below, no other current directors have received remuneration during the last financial year ended on March 31, 2016

| Name of Director | Amount (in Rs Lakhs) |
|---|---|
| Arvind Harlalka | 3,60,000 |

**Terms and Conditions of Employment of our Directors**

**Arvind Harlalka**

Arvind Harlalka was appointed as Director of our Company on February 24, 2010. Subsequently, he was designated as Managing Director with effect from June 29, 2015 for a period of 5 years commencing from June 29, 2015. His terms of appointment are as under [•]

| | |
|---|---|
| Remuneration | Rs. [●] |
| Terms of Appointment | Five years with effect from June 29, 2015 |

## SHAREHOLDING OF OUR DIRECTORS IN THE COMPANY

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. Except as stated below no other directors have shareholding of our Company.

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

| Name of Director | No of Equity Shares | % of Pre Issue Equity Share Capital | % of Post Issue Equity Share Capital |
|---|---|---|---|
| Arvind Harlalka | 53,400 | 1.69% | [•] |

| | | | |
|---|---|---|---|
| Sumit Harlalka | 53,400 | 1.69% | [•] |

## INTEREST OF DIRECTORS

All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them

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 them, out of the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares

Our Directors do not have any other interest in any property acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on date of filing the Draft Red Herring Prospectus. However our Company has taken land on lease from Gujarat Ginning and Oil Industries where our Promoters are interested

Our Promoters Arvind Harlalka and Sumit Harlalka are also Promoters of our Company. Except as stated in *"Our Promoters and Promoter Group"*, none of our Directors have any interest in the promotion of our Company, other than in the ordinary course of business.

Except as stated in *"Related Party Transactions"* on page no 197 and described herein, our Directors do not have any other interest in our business.

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors, except the normal remuneration for services rendered as Directors.

No loans have been availed by our Directors from our Company

## SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

Our Company does not have a subsidiary or associate Company except Sherwood Securities Private Limited.

## CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Following are the changes in directors of our Company in last three years prior to the date of this Draft Red Herring Prospectus.

| Name | Date of event | Nature of event | Reason |
|---|---|---|---|
| Alok Harlalka | June 01, 2015 | Re-designation | Designated as a Director |
| Rajendra Kumar Bajoria | June 01, 2015 | Appointment | Appointment as Additional Independent Director |
| Sumit Harlalka | June 01, 2015 | Cessation | Cessation as a Director |
| Arvind Harlalka | June 29, 2015 | Re-designation | Designated as a Managing Director |
| Sudha Sharma | June 29, 2015 | Appointment | Appointment as Additional Independent Director |
| Soma Nath | June 16, 2016 | Appointment | Appointment as Independent Director |
| Rahul Kumar | June 16, 2016 | Appointment | Appointment as Independent Director |
| Sumit Harlalka | June 16, 2016 | Re-designation | Designated as a Director |
| Alok Harlalka | June 16, 2016 | Cessation | Cessation as a Director |
| Sudha Sharma | [•] | [•] | [•] |
| Rajendra Kumar Bajoria | [•] | [•] | [•] |

## BORROWING POWER OF THE BOARD

Pursuant to a special resolution dated [•] passed at the Extraordinary General Meeting of our Company, 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 to borrow any sum or sums of monies from time to time notwithstanding that the money or monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) may exceed the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided that the total amount which may be so borrowed by the Board of Directors and outstanding at any time (apart from temporary loans obtained from the Company's bankers in the ordinary course of the business) shall not exceed Rs. 1,000 Crores (Rupees One Thousand Crores Only) over and above the paid- up share capital and free reserves of the Company for the time being.".

## CORPORATE GOVERNANCE

The provisions of the SEBI Listing Regulations will be applicable to our Company immediately upon the listing of our Equity Shares with NSE. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Chapter IV of the SEBI Listing Regulations as may be applicable

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Currently our Board has four directors out of which Two are Independent Directors and one is Non Executive Director.

**The following committees have been formed in compliance with the corporate governance norms:**

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

### A. Audit Committee

Our Company has constituted an audit committee *("Audit Committee")*, as per section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; vide resolution passed at the meeting of the Board of Directors held on August 06, 2016

The terms of reference of Audit Committee adheres to the requirements of Regulation 18 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises the following three (3) directors:

| Name of the Director | Status | Nature of Directorship |
|---|---|---|
| Rahul Kumar | Chairman | Independent Director |
| Soma Nath | Member | Independent Director |
| Arvind Harlalka | Member | Chairman & Managing Director |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Audit Committee.

The Audit Committee shall have following powers:

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:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the Audit committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The role of the Audit Committee not limited to but includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgment by management;
    - Significant adjustments made in the financial statements arising out of audit findings;
    - Compliance with listing and other legal requirements relating to financial statements;
    - Disclosure of any related party transactions;
    - Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft Red Herring Prospectus/ Prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor‘s independence, performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.
19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board;
20. 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.
21. To investigate any other matters referred to by the Board of Directors;
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

**Meeting of Audit Committee and relevant Quorum**

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

**B. Stakeholder's Relationship Committee**

Our Company has constituted a shareholder / investors grievance committee *("Stakeholders Relationship Committee")* to redress complaints of the shareholders. The Stakeholders Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on August 06, 2016

The Stakeholder's Relationship Committee comprises the following Directors:

| Name of the Director | Designation | Nature of Directorship |
|---|---|---|
| Rahul Kumar | Chairman | Independent Director |
| Soma Nath | Member | Independent Director |
| Sumit Harlalka | Member | Non Executive Director |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Stakeholders's Relationship Committee.

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

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholder's/investor's complaints;
3. Reviewing on a periodic basis the approval/refusal of transfer or transmission of shares, debentures or any other securities;
4. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
5. Allotment and listing of shares;
6. Reference to statutory and regulatory authorities regarding investor grievances; and
7. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
8. Any other power specifically assigned by the Board of Directors of the Company

**Quorum for Stakeholders Relationship Committee**

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

**C. Nomination and Remuneration Committee**

Our Company has constituted a Nomination and Remuneration Committee in accordance section 178 of Companies Act, 2013. The constitution of the Nomination and Remuneration Committee was approved by a Meeting of the Board of Directors held on August 06, 2016]. The said committee is comprised as under:

The Nomination and Remuneration Committee comprises the following Directors

| Name of the Director | Designation | Nature of Directorship |
|---|---|---|
| Rahul Kumar | Chairman | Independent Director |
| Soma Nath | Member | Independent Director |
| Sumit Harlalka | Member | Non Executive Director |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Nomination and Remuneration Committee.

**The terms of reference of the Nomination and Compensation Committee are:**

a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
b. Formulation of criteria for evaluation of Independent Directors and the Board;
c. Devising a policy on Board diversity;
d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance;
e. Determining, reviewing and recommending to the Board, the remuneration of the Company's Managing/ Joint Managing / Deputy Managing / Whole time / Executive Director(s), including all elements of remuneration package;
f. To ensure that the relationship of remuneration to perform is clear and meets appropriate performance benchmarks.

g. Formulating, implementing, supervising and administering the terms and conditions of the Employee Stock Option Scheme, Employee Stock Purchase Scheme, whether present or prospective, pursuant to the applicable statutory/regulatory guidelines;
h. Carrying out any other functions as authorized by the Board from time to time or as enforced by statutory/regulatory authorities

**Quorum for Nomination and Remuneration Committee**

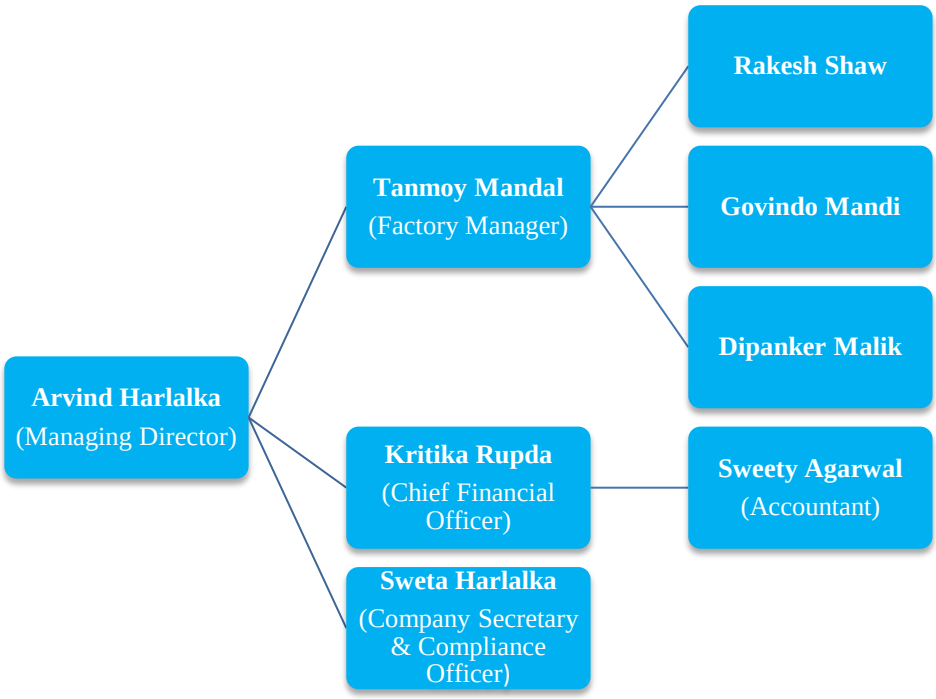
The quorum necessary for a meeting of the Remuneration Committee shall be 2 members or one third of the members, whichever is greater.

**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 Stock Exchange.

Company Secretary & 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

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

**Arvind Harlalka, Chairman & Managing Director**

Arvind Harlalka, aged about 40 years, FCS, is the Chairman & Managing Director of our Company. He has completed Bachelor of Commerce from the University of Calcutta. He is actively involved in the day to day management of the company and takes vital role in its decision making process.

**Sweta Harlalka, Company Secretary**

Sweta Harlalka, aged 29 years is the Company Secretary and Compliance Officer of our Company. She is an associate member of The Institute of Company Secretaries of India. She is responsible for handling the overall Secretarial Compliances and matters relating thereto for our Company. During

the financial year 2015-16, she was not paid remuneration as she has joined the Company in the current financial year.

**Kritika Rupda, Chief Financial Officer**

Kritika Rupda, aged 24 is the Chief Financial Officer of our Company. She has completed Bachelors of Commerce. She is responsible for handling the finance, accounts and taxation matters relating thereto for our Company.

## RELATIONSHIPS OF DIRECTORS AND PROMOTERS WITH KEY MANAGERIAL PERSONNEL

Except as disclosed below, none of the key managerial personnel are "related" to the each other within the meaning of Section 2(77) of the Companies Act, 2013.

| Name of Director / Promoter | Name of Key Managerial Personnel | Relation |
|---|---|---|
| Sumit Harlalka | Arvind Harlalka | Brother |

## ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS

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

## SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

Except as disclosed below, none of the Key Managerial Personnel hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.

| Sr. No. | Name of Shareholder | No. of Shares held |
|---|---|---|
| 1. | Arvind Harlalka | 53,400 |

## BONUS AND / OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

Our Company has not entered into any Bonus or Profit Sharing Plan with any of the Directors, Key Managerial Personnel

## CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO KEY MANAGERIAL PERSONNEL

None of our Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

## LOANS TO KEY MANAGERIAL PERSONNEL

The Company has not given any loans and advances to the Key Managerial Personnel as on the date of this Draft Red Herring Prospectus.

## INTEREST OF KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the Equity Shares held by them, remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and the Equity Shares held, if any. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any

Except as disclosed, none of the Key Managerial Personnel has been paid any consideration of any nature from our Company, other than their remuneration

Other than disclosed in *"Related Party Transactions"* on page 197, none of the beneficiaries of loans and advances and sundry debtors and or Sundry creditors are related to our Directors.

## CHANGES IN KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEARS

| Name | Date of Appointment | Nature of Event | Reason |
|---|---|---|---|
| Kritika Rupda | June 1, 2015 | Appointment | Appointed as a Chief Financial Officer |
| Rajesh Chamria | June 1, 2015 | Appointment | Appointed as Chief Executive Officer |
| Ashish Murarka | June 1, 2015 | Appointment | Appointed as Company Secretary & Compliance Officer |
| Arvind Harlalka | June 29, 2015 | Appointment | Appointed as a Managing Director |
| Ashish Murarka | July 31, 2015 | Resignation | Resigned as Company Secretary & Compliance Officer |
| Rajesh Chamria | February 15, 2016 | Resignation | Resigned as Chief Executive Officer |
| Sweta Harlalka | June 16, 2016 | Appointment | Appointed as a Company Secretary & Compliance Officer |

Other than the above changes, there have been no changes to the key managerial personnel of our Company that are not in the normal course of employment

## ESOP / ESPS TO EMPLOYEES

Presently, we do not have any ESOP/ESPS Scheme for employees.

## PAYMENT OR BENEFIT TO OUR OFFICERS (NON SALARY RELATED)

Except as disclosed in the heading titled "*Related Party Transactions*" in the section titled "*Financial Statements as Restated* beginning on page 199 of this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the three preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees

## OUR PROMOTER AND PROMOTER GROUP

### OUR PROMOTERS

The promoters of our Company are Ambuja Technologies Private Limited, Ambition Tie-up Private Limited. Arvind Harlalka and Sumit Harlalka, As on the date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate 12,05,800 Equity Shares representing 38.21% of the pre-issue paid-up capital of our Company. The Issue is an offer for sale and a fresh issue; however our Promoters and Promoter Group jointly will continue to hold a majority of the post-issue paid-up share capital of the Company.

### OUR CORPORATE PROMOTER

#### 1) AMBUJA TECHNOLOGIES PRIVATE LIMITED

Ambuja Technologies Private Limited ("ATPL") was incorporated as a Private Limited company under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated August 16, 2007 issued by Registrar of Companies, West Bengal.

The Corporate Identification Number of the company is U72200WB2007PTC117864 and the registered office of the Promoter is situated at 19B, B. B. Ganguly Street, 2nd Floor, Kolkata, West Bengal, India 700012

**Main Objects of "ATPL" are:**

1. To carry on in India or elsewhere the business to design, develop, test, export, import, buy, sell, distribute, transfer, lease, hire, license, use, dispose-off, operate, fabricate, construct, assemble, record, maintain, repair, recondition, re-engineer, alter, convert, improve, procure, install, modify, and to act as consultant, agent, broker, franchiser, job worker, representative, advisor or otherwise to deal in all kinds of activities related to computers, software, hardware software development, global information systems, e-commerce, digital designing studios, medical transcription, legal transcription, e-accounting, MIS, warehousing consulting, telecommunication networking , internet, intranet, Ethernet, Ethernet, ERP solutions, SAP training, CAD, CAM, media, bio-technology, bio-medical and paperless governance, Electronic and electrical apparatuses, equipment, gadgets, peripherals, modules, auxiliary instruments, tools, plants, machines, works, systems, conveniences, accessories, devices, components, fixtures of different capacities, sizes, specifications, applications descriptions and models used in the field of communications, industries, engineering medical space, research, advertisings, entertainment, multi-media, education, automobiles, geographical, recreational, weather forecasting, satellites, construction, transport, defence, mining, power, trade and commerce, internet, intranet and web based technologies and such other communication systems.
2. To develop all kinds of software including robotics, artificial intelligence, on line gaming, 3D gaming, anti-span engine, search engine, E-commerce, antivirus, anti-spy, anti-hacking and operating system, computer training in software and hardware.
3. To establish computer networks either as part of international networks or as stand alone networks or otherwise and provide high speed digital / analog communication links to other networks and to offer e-mail services, services in mobile technologies including SMS, MMS, SHORT CODE, etc. bulletin board services, on-line services and any other service which is feasible by using internet or web based technologies. To make, create, design, develop, demonstrate, improve, modify, implement multimedia applications, web designing, web hosting geographic information systems and tools, data warehousing, data mining, image processing, cartography, CNC / CMM programming, voice and video communication networks, indexing and abstractions, solid modelling, enterprise wide solutions, ERP solutions and web based applications.

ATPL is promoted by Gretex Corporate Services Private Limited, Ambition Tie Up Private Limited and Talent Investment Co. Private Limited

**Board of Directors of ATPL**

| Sr. No. | Name | Designation |
|---|---|---|
| 1. | Sumit Harlalka | Director |
| 2. | Arvind Harlalka | Director |
| 3. | Alok Harlalka | Director |

**Shareholding Pattern of ATPL**

| Sr. No. | Name of the Shareholder | Number of Equity Shares | Shareholding percentage (%) |
|---|---|---|---|
| 1. | Bonanza Agency Private limited [(1)] | 3,000 | 10.00 |
| 2. | Gretex Corporate Services Private Limited [(2)] | 7,000 | 23.33 |
| 3. | Ambition Tie Up Private Limited [(3)] | 10,000 | 33.34 |
| 4. | Talent Investment Co Private Limited [(4)] | 10,000 | 33.33 |
| | **Total** | **30,000** | **100.00** |

*(1) Bonanza Agency Private Limited has no individual in control of the Company. The Board of Director of Bonanza Agency Private Limited includes Deepak Kumar and Sandeep Kumar Chhangan.*

*(2) Gretex Corporate Services Private Limited has no individual in control of the Company. The Board of Directors of Gretex Corporate Services Private Limited includes Sumit Harlalka, Arvind Harlalka and Alok Harlalka.*

*(3) Ambition Tie Up Private Limited is controlled by Anita Harlalka (partner of Reliable Suppliers) and Sashi Harlalka (partner of Sashi Investment). The Board of Directors of Ambition Tie Up Private Limited includes Madhu Sharma and Sharman Sharma.*

*(4) Talent Investment Co Private Limited is controlled by Anita Harlalka (partner of Novelty Financial) and Rajkumari (partner of Jagdambha Financial). The Board of Directors of Talent Investment Co Private Limited includes Subal Dutta and Nikunj Kedia.*

**Changes in the management and control**

There has been no change in the management of ATPL in the three years preceding the date of this Draft Red Herring Prospectus.

Bonanza Agency Private Limited and Talent Investment Co. Private Limited acquired shares from Gretex Industries Limited in the financial year 2015-16. Except that, there has been no change in shareholding of ATPL in the three years preceding the date of this Draft Red Herring Prospectus.

**2) AMBITION TIE-UP PRIVATE LIMITED**

Ambition Tie-Up Private Limited (ATUPL) was incorporated as a Private Limited company under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated January 18, 2006 issued by Registrar of Companies, West Bengal. The Corporate Identification Number of the company is U51109WB2006PTC107374 and the registered office of the Promoter is situated at 25B, Raja Raj Ballav Street, Ground Floor, Kolkata, West Bengal, India 700003.

**Main Objects of ATUPL are:**

To carry on all or any of business as buyers, sellers, traders, distributors, merchants, agents, brokers, sub-brokers, stockists, commission agents, franchisee, dealers, C&F agents, various types of agencies, network marketing & marketing associates of household goods, consumable durable items, industrial goods of all kinds and merchandise.

**Board of Directors of ATUPL**

| Sr. No. | Name | Designation |
|---|---|---|
| 1. | Madhu Sharma | Director |
| 2. | Sarman Sharma | Director |

**Shareholding Pattern of ATUPL**

| Sr. No. | Name of the Shareholder | Number of Equity Shares | Shareholding percentage (%) |
|---|---|---|---|
| 1. | Pooja Harlalka | 100 | 0.06% |
| 2. | Anita Harlalka (partner of Reliable Suppliers) | 76,950 | 49.97% |
| 3. | Sashi Harlalka (partner of Gravity Investment) | 76,950 | 49.97% |
| | **Total** | **1,54,000** | **100.00%** |

**Changes in the management and control**

ATUPL is promoted by Pooja Harlalka, by Reliable Suppliers (a partnership firm) through Anita Harlalka and by Gravity Investments (a partnership firm) through Sashi Harlalka. Reliable Suppliers and Gravity Investments were promoted by Madhu Sharma and Sarman Sharma respectively which was acquired by Anita Harlalka and Sashi Harlalka in 2015-16.

Our Company confirms that the permanent account number and bank account number of our corporate promoters have been submitted to the Stock Exchange at the time of filing of the Draft Red Herring Prospectus with it.

## OUR INDIVIDUAL PROMOTERS

**Arvind Harlalka, Promoter, Chairman & Managing Director**

Arvind Harlalka aged about 41 years, is the Promoter, Chairman & Managing Director of our Company. He is a qualified Company Secretary and has completed Bachelor of Commerce from the University of Calcutta. He is actively involved in the day to day management of the company and takes vital role in its decision making process.

**Passport No:** L4609946

**Driving License:** WB-24-051972

**Voters ID:** *Not Available*

**Address**: 19B, 2nd Floor, B. B. Ganguly Street, Kolkata, West Bengal, India 700012

For further details relating to Arvind Harlalka, including terms of appointment as Director, other directorships, please refer to the chapters titled "*Our Management*" beginning on pages 167 of this Draft Red Herring Prospectus.

**Sumit Harlalka, Promoter & Director**

Sumit Harlalka, aged about 33 years, is a director of our Company. He involves in all aspects of the business including planning, development, operations and marketing

**Passport No:** L4611956

**Driving License:** WB-012009662162

**Voters ID:** *Not Available*

**Address**: 19B, 2nd Floor, B. B. Ganguly Street, Lalbazar, Kolkata, West Bengal, India 700012

For further details relating to Sumit Harlalka, including terms of appointment as Director, other directorships, please refer to the chapters titled "*Our Management*" beginning on pages 167 of this Draft Red Herring Prospectus.

## DECLARATION

Our Company confirms that the permanent account number, bank account number and passport

number of our Promoters have been submitted to the Stock Exchange at the time of filing of the Draft Red Herring Prospectus with it.

## INTEREST OF PROMOTERS

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of its shareholding and the dividend receivable, if any and other distributions in respect of the Equity Shares held by them. For details regarding shareholding of our promoters in our Company, please refer *"Capital Structure"* on page 78 of this Draft Red Herring Prospectus

Our Promoters may also be deemed to be interested in our Company to the extent of their shareholding in our Group Entities with which our Company transacts during the course of its operations

Our Promoters, hold shares in Group Companies which is involved in activities similar to those of our company and may also be deemed to be interested in our Company to the extent of their shareholding in our Group Companies with which our Company transacts during the course of its operations. For further details of the Group Companies carrying on same business as ours, please refer to chapter titled *"Group Companies"* on page 184

Our Promoters are the Directors of our Company and may be deemed to be interested to the extent of remuneration and/ or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the agreements entered into with our company, if any and AoA of our Company. For details please see *"Our Management", "Financial Statements"* and *"Capital Structure"* beginning on pages 167, 199 and 78 respectively of this Draft Red Herring Prospectus.

Our promoters do not have any other interest in any property acquired or proposed to be acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or in any transaction by our Company for acquisition of land, construction of building or supply of machinery. However our Company has taken land on lease from Gujarat Ginning and Oil Industries where our Promoters are interested

For details of related party transactions entered into by our Company during last financial year with our Promoters and Group Companies, the nature of transactions and the cumulative value of transactions, see *"Related Party Transactions"* on page no 197 of this Draft Red Herring Prospectus.

Except as stated in this section and *"Related Party Transactions"* and *"Our Management"* on page 197 and 167 respectively, there has been no payment of benefits to our Promoters or Promoter Group during the two years preceding the filing of the Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group.

## COMMON PURSUITS

Except as mentioned in our chapter titled *"Group Companies"* of our Promoter has any common pursuits. As these entities do not have any non – compete agreements in place amongst themselves, there is a conflict of interest between our Company and the said Promoter Company. For associated risk factor, please refer to section *titled "Risk Factors"* beginning on page 20 of this Draft Red Herring Prospectus.

## RELATED PARTY TRANSACTIONS

For details of related party transactions entered into by our Promoters, Promoter Group and Company during the last Financial Year, the nature of transactions and the cumulative value of transactions, see "*Related Party Transactions"* on page 197 of this Draft Red Herring Prospectus

## PAYMENT OR BENEFITS TO PROMOTER

Except as stated otherwise in the chapters "*Related Party Transactions"* on page 197 of this Draft Red Herring Prospectus, there has been no payment or benefits to the Promoters during the two years prior to the filing of this Draft Red Herring Prospectus.

## COMPANIES WITH WHICH OUR PROMOTERS HAVE DISASSOCIATED IN THE LAST 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 Draft Red Herring Prospectus

## LITIGATION

For details on litigations and pending disputes against the Promoters and defaults made by them, please refer to the chapter titled *"Outstanding Litigations and Material Developments"* beginning on page 245 of this Draft Red Herring Prospectus.

## CONFIRMATION

The Promoters, Promoter Group entities or Group Company have not been debarred from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Neither 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 the SEBI.

Neither our Promoters, the relatives of our Promoters (as defined under the Companies Act) nor our Group Companies have been declared as a wilful defaulter by the RBI or any other government authority and there are no violations of securities laws (in India or overseas) committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them. Neither our Promoter nor our Group companies have become sick companies under the SICA. Further, no winding up proceedings have been initiated against the Promoters or the Group Companies, except as disclosed in the section *"Our Group Companies"* on page 184 of this Draft Red Herring Prospectus.

For other confirmations of the Promoters and Group Companies, please see the chapter titled *"Other Regulatory and Statutory Disclosures"* beginning on page 269 of this Draft Red Herring Prospectus. Additionally, neither the Promoters, Promoter Group Entities nor our Group Company have become defunct in the five years preceding the filing of this Draft Red Herring Prospectus

## OUR PROMOTER GROUP

Our Promoter Group in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations is as under:

**Individuals related to our individual promoters:**

| Relationship with Promoter | Arvind Harlalka | Sumit Harlalka |
|---|---|---|
| Father | Late Purushottam Das Harlalka | Late Purushottam Das Harlalka |
| Mother | Rajkumari Harlalka | Rajkumari Harlalka |
| Spouse | Anita Harlalka | Sashi Harlalka |
| Brother | Alok Harlalka<br>Sumit Harlalka | Arvind Harlalka<br>Alok Harlalka |
| Son | Gaurav Harlalka<br>Harsh Harlalka | Suhaan Harlalka |

**Disassociation of certain immediate relatives from Promoter Group by Promoters:**

**Arvind Harlalka**

The below mentioned persons are 'immediate' relatives of our Promoter, Arvind Harlalka and Sumit Harlalka respectively; but, as such, do not form part of the 'Promoter Group' of the Company.

Moreover, the aforesaid relatives do not own shareholding in our Company and are also not involved in the business of our Company. Further the said persons through their respective declarations have expressed their unwillingness to be constituted under the 'Promoter Group' of the Company and have requested that consequently their entities should not be considered to be part of the 'Promoter Group' and 'Group Companies'.

| Relationship with Promoter | Name of relative | Name of relative |
|---|---|---|
| Spouse's Father | Late Ratan Lal Jewrajka | Om Prakash Singhania |
| Spouse's Mother | Urmila Devi Jewrajka | Kalavati Singhania |
| Spouse's Brother | Sanjay Jewrajka | Piyush Singhania |
| Spouse's Sister | Kiran Todi | Anjali Poddar<br>Manju Gupta<br>Anju Lohia<br>Sneha Singhania |

**Entities forming part of the Promoter Group**

1. Gretex Corporate Services Private Limited
2. Talent Investment Company Private Limited
3. Lambodar Dealcom Private Limited
4. Apsara Selections Private Limited
5. Sankhu Merchandise Private Limited
6. Sankhu Entertainment & Production Private Limited
7. Sherwood Securities Private Limited
8. Bonanza Agency Private Limited
9. Suhaan Cloth Merchant Private Limited
10. Suhaan Hoisery Private Limited
11. Suhaan Ecommerce Private Limited
12. Suhaan Lifestyle Private Limited
13. Suhaan Solutions Private Limited
14. Suhaan Trading Private Limited
15. Suhaan Software Development Private Limited
16. Suhaan Technologies Private Limited
17. Suhaan Events Private Limited
18. Suhaan Fabrico Private Limited
19. Afterlink Infraprojects Private Limited
20. Kashiram Jain & Co. Limited
21. Newedge Vinimay Private Limited
22. Reliable Suppliers
23. Gravity Investment
24. Novelty Financial
25. Jagdamba Financial
26. Arvind Harlalka HUF
27. Sumit Harlalka HUF
28. Alok Harlalka HUF

## RELATIONSHIP OF PROMOTERS WITH OUR DIRECTORS

Our Directors and Promoters Arvind Harlalka and Sumit Harlalka are related to each other as brothers under the Section 2(47) of the Companies Act, 2013

## CHANGES IN CONTROL

There has been no change in control or management of our Company in last three years from the date of this Draft Red Herring Prospectus.

## OUR GROUP COMPANIES

In accordance with the provisions of the SEBI (ICDR) Regulations, for the purpose of identification of *"Group Companies"*, our Company has considered companies as covered under the applicable accounting standards, i.e. Accounting Standard 18 issued by the Institute of Chartered Accountant of India and such other companies as considered material by our Board. Pursuant to a resolution dated [•], our Board vide a policy of materiality has resolved that except as mentioned in the list of related parties prepared in accordance with Accounting Standard 18 no other Company is material in nature.

For avoidance of doubt, it is clarified that the Promoter of our Company shall not be considered as *"Group Companies"*.

No equity shares of our Group Companies are listed on any stock exchange except of Kashiram Jain & Co. Limited ("hereinafter referred as KHCL) which is listed on BSE Limited through Direct Listing mechanism. KHCL has not made any public or rights issue of securities in the preceding three years.

## OUR GROUP COMPANIES

The details of our Group Companies are provided below:

### 1) GRETEX CORPORATE SERVICES PRIVATE LIMITED

Gretex Corporate Services Private Limited *("GCSPL")* is a Private Limited Company incorporated on September 05, 2008 under the provisions of Companies Act, 1956 and has its registered office at 19B, B. B. Ganguly Street, 2nd Floor, Kolkata, West Bengal, India 700012. The current paid up capital of Gretex Corporate is Rs. 65,47,500. The Corporate Identification Number of Gretex Corporate is U74999WB2008PTC129116.The Company is engaged in Merchant Banking and other capital market activities

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Sumit Harlalka
2. Arvind Harlalka
3. Alok Harlalka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Arvind Harlalka | 16,500 | 2.52% |
| 2. | Alok Harlalka | 2,250 | 0.34% |
| 3. | Sumit Harlalka | 22,200 | 3.39% |
| 4. | Manoj Kumar Bajaj | 6,000 | 0.92% |
| 5. | Ashish Jain | 1,500 | 0.23% |
| 6. | Alok Harlalka HUF | 1,500 | 0.23% |
| 7. | Arvind Harlalka HUF | 6,000 | 0.92% |
| 8. | Pooja Harlalka | 3,000 | 0.46% |
| 9. | Sashi Harlalka | 3,000 | 0.46% |
| 10. | Bonanza Agency Private Limited | 4,38,300 | 66.94% |
| 11. | Talent Investment Company Private Limited | 1,54,500 | 23.60% |
| | **Total** | **6,54,750** | **100.00%** |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 65.47 | 65.47 | 3.81 |
| Reserves and Surplus | 603.05 | 590.25 | 109.87 |
| Net asset value (In Rs.) | 99.66 | 100.15 | 297.78 |

**Nature and extent of interest of Promoters**

Gretex Corporate holds 7,000 equity shares constituting to 23.33% of total number of shares of our Promoter Company that is Ambuja Technologies Private Limited

## 2) TALENT INVESTMENT COMPANY PRIVATE LIMITED

Talent Investment Company Private Limited ("TICPL") is a Private Limited Company incorporated on September 15, 1984 under the provisions of Companies Act, 1956 and has its registered office at 25B, Raja Raj Ballav Street, Ground Floor, Kolkata, West Bengal, India 700 003. The current paid up capital of Talent is Rs. 19,20,980. The Corporate Identification Number of Talent is U67120WB1984PTC037950. The Company is engaged in trading in goods and services.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Subal Dutta
2. Nikunj Kedia

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Anita Harlalka | 100 | 0.06% |
| 2. | Anita Harlalka (partner of Novelty Financial) | 95,999 | 49.97% |
| 3. | Rajkumari Harlalka (partner of Jagdamba Financial) | 95,999 | 49.97% |
| | **Total** | **1,92,098** | **100.00%** |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 19.20 | 19.20 | 19.20 |
| Reserves and Surplus | 387.78 | 387.76 | 387.74 |
| Net asset value (In Rs.) | 211.87 | 213.86 | 211.85 |

**Nature and extent of interest of Promoters**

Talent holds 10,000 equity shares constituting to 33.33% of total number of shares of our Promoter Company that is Ambuja Technologies Private Limited

## 3) LAMBODAR DEALCOM PRIVATE LIMITED

Lambodar Dealcom Private Limited *("Lambodar")* is a Private Limited Company incorporated on August 03, 2009 under the provisions of Companies Act, 1956 and has its registered office at 35B, Brojodulal Street, 1st Floor, Kolkata, West Bengal, India 700006. The current paid up capital of Lambodar is Rs. 2,50,000. The Corporate Identification Number of Lambodar is U51909WB2009PTC137434. The Company is engaged in trading of goods.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Deepak Kumar
2. Sandeep Kumar Chhangani

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Sashi Harlalka | 5,000 | 20.00% |
| 2. | Sumit Harlalka | 5,000 | 20.00% |
| 3. | Rajkumari Harlalka | 5,000 | 20.00% |
| 4. | Arvind Harlalka | 1,000 | 4.00% |

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 5. | Anita Harlalka | 1,000 | 4.00% |
| 6. | Alok Harlalka | 4,000 | 16.00% |
| 7. | Pooja Harlalka | 4,000 | 16.00% |
| | **Total** | **25,000** | **100.00%** |

**Financial PerformanceR**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 2.50 | 2.50 | 2.50 |
| Reserves and Surplus | - | -0.01 | -0.01 |
| Net asset value (In Rs.) | 9.99 | 9.98 | 9.95 |

**Nature and extent of interest of Promoters**

Our Promoters Arvind Harlalka and Sumit Harlalka hold 4.00% and 20.00% Equity Shares of Lambodar.

**4) Apsara Selection Private Limited**

Apsara Selection Private Limited (*"Apsara"*) is a Private Limited Company incorporated on June 25, 2011 under the provisions of Companies Act, 1956 and has its registered office at Office No. 13, 1st Floor, Bansilal Mansion 9-15 Homi Modi Street, Fort, Mumbai- 400023. The current paid up capital of Apsara is Rs. 4279200. The Corporate Identification Number of Apsara is U52190MH2011PTC269248. The Company is engaged in dealing of clothing apparels.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Sumit Harlalka
2. Arvind Harlalka
3. Alok Harlalka
4. Rajkumari Harlalka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|
| Rajkumari Harlalka | 2500 | 0.58% |
| Arvind Harlalka | 2500 | 0.58% |
| Alok Harlalka | 2500 | 0.58% |
| Sumit Harlalka | 2500 | 0.58% |
| Bonanza Agency Private limited | 70,000 | 16.36% |
| Gretex Corporate Services Private Limited | 50,000 | 11.68% |
| Ambuja Technologies Private Limited | 50,000 | 11.68% |
| Ambition Tie Up Private Limited | 50,000 | 11.68% |
| Talent Investment & Co Private Limited | 1,97,920 | 46.25% |
| **Total** | **4,27,290** | **100.00%** |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 42.79 | 42.79 | 23.00 |
| Reserves and Surplus | 368.38 | 368.33 | 198.24 |
| Net asset value (In Rs.) | 96.06 | 96.02 | 96.05 |

**Nature and extent of interest of Promoters**

Our Promoters, Ambuja Technologies Private Limited, Ambition Tie Up Private Limited, Arvind Harlalka and Sumit Harlalka hold 11.68%, 11.68%, 0.58% and 0.58% respectively of Apsara.

**5) Bonanza Agency Private Limited**

Bonanza Agency Private Limited (*"Bonanza"*) is a Private Limited Company incorporated on February 12, 2009 under the provisions of Companies Act, 1956 and has its registered office at 16B, Madan Chatterjee Lane, 2nd Floor Kolkata - 700007. The current paid up capital of Ambition is Rs. 11,64,000. The Corporate Identification Number of Bonanza is U51101WB2009PTC132678. The Company is engaged in trading in goods and services.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Deepak Kumar
2. Sandeep Kumar Chhangani

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Anita Harlalka | 20 | 0.02% |
| 2. | Lambodar Dealcom Pvt. Ltd. | 1,16,380 | 99.98% |
| | **Total** | **1,16,400** | **100.00%** |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 11.64 | 11.64 | 11.64 |
| Reserves and Surplus | 1,055.35 | 1,055.33 | 1,054.64 |
| Net asset value (In Rs.) | 916.66 | 916.64 | 915.99 |

**Nature and extent of interest of Promoters**

Our Promoter, Arvind Harlalka is interested through her relative Anita Harlaka in Bonanza.

**6) Sherwood Securities Private Limited**

Sherwood Securities Private Limited (*"Sherwood"*) is a Private Limited Company incorporated on April 29, 2010 under the provisions of Companies Act, 1956 and has its registered office at 19B, B. B. Ganguly Street 2nd Floor Kolkata - 700012. The current paid up capital of Sherwood is Rs. 80,00,000. The Corporate Identification Number of Sherwood is U65900WB2010PTC146218. The Company is engaged as stock broker.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Arvind Harlalka
2. Alok Harlaka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|
| Alok Harlalka | 10,000 | 1.25% |
| Ambition Tie Up Private Limited | 80,000 | 10.00% |
| Gretex Corporate Services Private Limited | 80,000 | 10.00% |
| Gretex Industries Limited | 2,30,000 | 28.75% |
| Apsara Selections Private Limited | 2,00,000 | 25.00% |
| Sankhu Merchandise Private Limited | 2,00,000 | 25.00% |
| **Total** | **8,00,000** | **100.00%** |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 80.00 | 80.00 | 80.00 |
| Reserves and Surplus | 161.20 | 161.61 | 160.53 |
| Net asset value (In Rs.) | 30.15 | 30.18 | 30.02 |

**Nature and extent of interest of Promoters**

Our Promoters, Ambition is interested through Shareholding in the Company and Arvind Harlalka is interested as Director of Sherwood.

### 7) Sankhu Entertainment& Production Private Limited

Sankhu Entertainment& Production Private Limited (*"Sankhu"*) is a Private Limited Company incorporated on July 6, 2010 under the provisions of Companies Act, 1956 and has its registered office at 19B, B B Ganguly Street, 2nd Floor Opp. Welland Gouldsmith School Kolkata – 700012. The current paid up capital of Sherwood is Rs. 2,95,000 The Corporate Identification Number of Sankhu is U74300WB2010PTC151035. The Company is engaged in dealing in entertainment and production industry.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Arvind Harlalka
2. Kirti Goenka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr No | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Arvind Harlalka | 5,000 | 16.95% |
| 2. | Kirti Khaitan | 11,850 | 40.17% |
| 3. | Bonanza Agency Private Limited | 10,750 | 36.44% |
| 4. | Tripti Goenka | 900 | 3.05% |
| 5. | Abhay Goenka | 1,000 | 3.39% |
| | **Total** | 29,500 | 100.00% |

**Financial Performance**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 2.95 | 2.95 | 2.95 |
| Reserves and Surplus | -1.30 | -0.98 | 16.31 |
| Net asset value (In Rs.) | 5.60 | 6.43 | 64.81 |

**Nature and extent of interest of Promoters**

Our Promoter, Arvind Harlalka is interested through Shareholding in the Company and also as Director of Sankhu.

### 8) Sankhu Merchandise Private Limited

Sankhu Merchandise Private Limited (*"SMPL"*) is a Private Limited Company incorporated on June 25, 2011 under the provisions of Companies Act, 1956 and has its registered office at Office No. 13, 1st floor, Bansilal Mansion, 9-15 Homi Modi Street, Fort, Mumbai - 400023 The current paid up

capital of Sherwood is Rs. 24,00,000. The Corporate Identification Number of SMPL is U52190MH2011PTC269247. The Company is engaged in trading of goods.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Arvind Harlalka
2. Alok Harlaka
3. Sumit Harlalka
4. Rajkumari Harlalka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Rajkumari Harlalka | 2,500 | 1.04% |
| 2. | Arvind Harlalka | 2,500 | 1.04% |
| 3. | Alok Harlaka | 2,500 | 1.04% |
| 4. | Sumit Harlalka | 2,500 | 1.04% |
| 5. | Gretex Corporate Services Private Limited | 50,000 | 20.83% |
| 6. | Ambuja Technologies Private Limited | 50,000 | 20.83% |
| 7. | Ambition Tie Up Private Limited | 80,000 | 33.33% |
| 8. | Talent Investment Co Private Limited | 50,000 | 20.83% |
| | | 2,40,000 | 100.00% |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 24.00 | 24.00 | 24.00 |
| Reserves and Surplus | 297.01 | 297.05 | 297.03 |
| Net asset value (In Rs.) | 133.71 | 133.68 | 133.62 |

**Nature and extent of interest of Promoters**

Our Promoters, Ambuja, Ambition Arvind Harlalka and Sumit Harlalka are interested through Shareholding in the Company. Arvind Harlalka and Sumit Harlalka are also Directors of SMPL.

**9) Suhaan Software Development Private Limited**

Suhaan Software Private Limited (*"SSPL"*) is a Private Limited Company incorporated on April 13, 2012 under the provisions of Companies Act, 1956 and has its registered office at 18, Rabindra Sarani, Poddar Court Gate No.4, 4th Floor, Room No.4 , Kolkata – 700001. The current paid up capital of SSPL is Rs. 1,00,000. The Corporate Identification Number of SSPL is U52190WB2012PTC180302. The Company is engaged in computer software and hardware.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Sumit Harlalka
2. Sashi Harlalka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Sumit Harlalka | 5,000 | 50.00% |
| 2. | Sashi Harlalka | 5,000 | 50.00% |

| | | | |
|---|---|---|---|
| | **Total** | 10,000 | 100.00% |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 1.00 | 1.00 | 1.00 |
| Reserves and Surplus | -0.47 | -0.18 | -0.19 |
| Net asset value (In Rs.) | 5.06 | 7.87 | 7.71 |

**Nature and extent of interest of Promoters**

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of SSPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the SSPL.

**10) Suhaan Trading Private Limited**

Suhaan Trading Private Limited (*"STPL"*) is a Private Limited Company incorporated on April 13, 2012 under the provisions of Companies Act, 1956 and has its registered office at 18, Rabindra Sarani, Poddar Court Gate No.4, 4th Floor, Kolkata – 700 001. The current paid up capital of STPL is Rs. 1,00,000. The Corporate Identification Number of SMPL is U52190WB2012PTC180265. The Company is engaged in dealing in trading of clothing apparels.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Sumit Harlalka
2. Sashi Harlalka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Sumit Harlalka | 5,000 | 50.00% |
| 2. | Sashi Harlalka | 5,000 | 50.00% |
| | **Total** | 10,000 | 100.00% |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|
| Paid-up Capital | 1.00 | 1.00 | 1.00 |
| Reserves and Surplus | -0.22 | -0.19 | -0.19 |
| Net asset value (In Rs.) | 7.61 | 7.80 | 7.65 |

**Nature and extent of interest of Promoters**

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of STPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the STPL.

**11) Suhaan Events Private Limited**

Suhaan Events Private Limited (*"SEPL"*) is a Private Limited Company incorporated on June 27, 2013 under the provisions of Companies Act, 1956 and has its registered office at 18, Rabindra Sarani, Poddar Court Gate No.4, 4th Floor, Kolkata – 700 001. The current paid up capital of SEPL is Rs. 1,00,000. The Corporate Identification Number of SEPL is U74900WB2013PTC195124. The Company is engaged in organizing and managing events.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Sumit Harlalka
2. Sashi Harlalka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Sumit Harlalka | 5,000 | 50.00% |
| 2. | Sashi Harlalka | 5,000 | 50.00% |
| | **Total** | 10,000 | 100.00% |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 |
|---|---|---|
| Paid-up Capital | 1.00 | 1.00 |
| Reserves and Surplus | -0.58 | -0.26 |
| Net asset value (In Rs.) | 3.84 | 6.89 |

**Nature and extent of interest of Promoters**

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of SEPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the SEPL.

**12) Afterlink Infraprojects Private Limited**

Afterlink Infraprojects Private Limited (*"AIPL"*) is a Private Limited Company incorporated on April 5, 2013 under the provisions of Companies Act, 1956 and has its registered office at 1D, 4th Floor, Flat No 4A, Prince Golam MD Shah Road, Kolkata 700 045. The current paid up capital of AIPL is Rs. 16,00,000. The Corporate Identification Number of AIPL is U45400WB2013PTC191933. The Company is engaged in real estate activities.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Arvind Harlalka
2. Alok Harlalka
3. Vineet Bhandari
4. Jay S Kamdar
5. Tushar Kamdar

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Deepak Karnani | 5,000 | 3.12% |
| 2. | Vijoy Kumar Rathi | 5,000 | 3.12% |
| 3. | Bonanza Agency Private Limited | 50,000 | 31.25% |
| 4. | Talent Investment Co. Private Limited | 50,000 | 31.25% |
| 5. | Ambition Tie Up Private Limited | 50,000 | 31.25% |
| | **Total** | **1,60,000** | **100.00%** |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 |
|---|---|---|
| Paid-up Capital | 16.00 | 16.00 |
| Reserves and Surplus | -0.27 | -0.15 |

| | | |
|---|---|---|
| Net asset value (In Rs.) | 9.81 | 9.87 |

**Nature and extent of interest of Promoters**

Our Promoter, Ambition is interested in AIPL through shareholding while our Promoter, Arvind Harlalka is interested as Director of the Company.

**13) Kashiram Jain and Company Limited**

Kashiram Jain and Company Limited (*"KJCL"*) is a public Limited Company incorporated on December 15, 1987 under the provisions of Companies Act, 1956 and has its registered office at Lachit Nagar S. R. B. Road Guwahati Kamrup AS 781007. The current paid up capital of AIPL is Rs. 1,06,00,000. The Corporate Identification Number of AIPL is L51909AS1987PLC002828. The Company is engaged in development of infrastructure facility, special economic zone, industrial parks, etc.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Lalita Devi Agarwal
2. Bishnu Agarwal
3. Sanjib Saha

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Category of Shareholder | No. of the Shareholders | No. of fully paid up Equity Shares | Total No. of Shares held | Shareholding as a % of total no. of shares | Number of Equity Shares held in dematerialized form |
|---|---|---|---|---|---|
| (A) Promoter & Promoter Group | 6 | 1,50,000 | 1,50,000 | 14.15 | 1,50,000 |
| (B) Public | 507 | 9,10,000 | 9,10,000 | 85.85 | 5,60,000 |
| (C1) Shares underlying DRs | | | | 0.00 | |
| (C2) Shares held by Employee Trust | | | | 0.00 | |
| (C) Non Promoter-Non Public | | | | 0.00 | |
| Grand Total | **513** | 10,60,000 | 10,60,000 | 100.00 | 7,10,000 |

**Financial Performance**

**Rs in Lakhs**

| Particulars | FY 2015 | FY 2014 |
|---|---|---|
| Paid-up Capital | 16.00 | 5.00 |
| Reserves and Surplus | 198.49 | 5.49 |
| Net asset value (In Rs.) | 134.06 | 20.98 |

**Nature and extent of interest of Promoters**

Our Promoter, Ambition is interested as Shareholder of KJCL.

## DETAILS OF GROUP COMPANIES WITH NEGATIVE NETWORTH

### 1) Suhaan Fabrico Private Limited

Suhaan Fabrico Private Limited (*"SFPL"*) is a Private Limited Company incorporated on November 27, 2013 under the provisions of Companies Act, 1956 and has its registered office at 18, Rabindra Sarani, Poddar Court Gate No.4, 4th Floor, Kolkata – 700 001. The current paid up capital of SFPL is Rs. 1,00,000. The Corporate Identification Number of SFPL is U74900WB2013PTC198657. The Company is engaged in manufacturing and trading of clothing apparels.

**Board of Directors as on the date of this Draft Red Herring Prospectus**

1. Sumit Harlalka
2. Sashi Harlalka

**Shareholding Pattern as on the date of this Draft Red Herring Prospectus**

| Sr. No. | Name of the Shareholder | No. of Shares | % of Shareholding |
|---|---|---|---|
| 1. | Sumit Harlalka | 5,000 | 50.00% |
| 2. | Sashi Harlalka | 5,000 | 50.00% |
| | **Total** | 10,000 | 100.00% |

**Financial Performance**

**Rs In Lakhs**

| Particulars | FY 2015 | FY 2014 |
|---|---|---|
| Paid-up Capital | 1.00 | 1.00 |
| Reserves and Surplus | -1.59 | -0.48 |
| Net asset value (In Rs.) | -7.61 | 3.59 |

**Nature and extent of interest of Promoters**

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of SFPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the SFPL.

## DETAILS OF OTHER GROUP COMPANIES

### 1. Suhaan Cloth Merchant Private Limited

Suhaan Cloth Merchant Private Limited ("SCMPL") was incorporated on January 9, 2015 under the Companies Act, 2013 at Kolkata. SCMPL is involved in trading of clothing apparels.

Our Promoter, Sumit Harlalka is directly interested as Shareholder and Director of SCMPL.

### 2. Suhaan Hosiery Private Limited

Suhaan Hosiery Private Limited ("SHPL") was incorporated on May 15, 2015 under the Companies Act, 2013 at Kolkata. SHPL is involved in trading of hosiery garments and apparels.

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of SHPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the SHPL.

### 3. Suhaan Ecommerce Private Limited

Suhaan Ecommerce Private Limited ("SEMPL") was incorporated on May 15, 2015 under the Companies Act, 2013 at Kolkata. SEMPL is involved in Ecommerce and other allied activities.

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of SEMPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the SEMPL.

### 4. Suhaan Lifestyle Private Limited

Suhaan Lifestyle Private Limited ("SLPL") was incorporated on May 15, 2015 under the Companies Act, 2013 at Kolkata. SLPL is involved in business of clothes, garments and other lifestyle accessories.

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of SLPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the SLPL.

### 5. Suhaan Solutions Private Limited

Suhaan Solutions Private Limited ("SSPL") was incorporated on May 15, 2015 under the Companies Act, 2013 at Kolkata. SSPL is involved in online trading and marketing of consumer products.

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of SSPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the SSPL.

### 6. Suhaan Technologies Private Limited

Suhaan Technologies Private Limited ("STPL") was incorporated on May 15, 2015 under the Companies Act, 2013 at Kolkata. STPL is involved in web designing, software designing and other allied activities.

Our Promoter, Sumit Harlalka is directly interested as Shareholder and as a Director of STPL. Sumit Harlalka is also interested through his relative Sashi Harlalka as Shareholder and Director in the STPL.

## DEFUNCT / STRUCK-OFF COMPANY

None of our Group Company has become defunct or struck – off in the five years preceding the filing of this Draft Red Herring Prospectus.

## INTEREST OF GROUP COMPANIES

**In the promotion of our Company**

Except for equity shares held by the Bonanza Agency Private Limited and Talent Investment Company Private Limited in our Company, none of our Group Companies have any interest in the promotion or any business interest or other interest in our Company. For details regarding nature and extent of the interest of Bonanza Agency Private Limited and Talent Investment Company Private Limited, please see *" Capital Structure*" on page 78 of this Draft Red Herring Prospectus.

**In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Prospectus with SEBI**

None of our Group Companies have any interest in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of Draft Red Herring Prospectus or proposed to be acquired by it.

**In transactions for acquisition of land, construction of building and supply of machinery.**

None of our Group Companies is interested in any transactions for the acquisition of land, construction of building or supply of machinery.

## COMMON PURSUITS AMONG GROUP COMPANIES WITH OUR COMPANY

Except Suhaan Hosiery Private Limited and Apsara Selections Private Limited which are authorized to carry similar activities as those conducted by our Company none of our Group Companies have common pursuits with our Company and also these companies do not have any non–compete agreements in place amongst themselves, there is a conflict of interest between our Company and

Group Company. For associated risk factor, please refer to the section titled *"Risk Factors"* beginning on page 20 of the Draft Red Herring Prospectus.

## RELATED BUSINESS TRANSACTIONS WITHIN THE GROUP COMPANIES AND SIGNIFICANCE OF THE FINANCIAL PERFORMANCE OF OUR COMPANY

For details, please refer *"Related Party Transactions"* on page 197 of this Draft Red Herring Prospectus.

## SALES/PURCHASES BETWEEN OUR COMPANY & GROUP COMPANIES

Other than as disclosed in the chapter titled *"Related Party Transactions"* on page 197 of this Draft Red Herring Prospectus, there are no sales / purchases between the Company and the Group Companies when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Company.

## BUSINESS INTEREST OF GROUP COMPANIES

None of our Group Entities have any business interest in our Company

## CONFIRMATIONS

Except Kashiram Jain & Co. Limited; none of the securities of our Group Companies are listed on any stock exchange and have made any public or rights issue of securities in the preceding three years.

Except as mentioned above in this chapter, our Group Companies have not incurred a loss in the immediately preceding Financial Year.

Our Group Company has not been declared as wilful 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.

Our Group Companies have become not been declared sick companies under the SICA.

Additionally, Group Company has not been restrained from accessing the capital markets for any reasons by SEBI or any other authorities.

## LITIGATIONS INVOLVING OUR GROUP COMPANIES

For details related to litigations and regulatory proceedings involving our Group Companies, please see *"Outstanding Litigation and Material Developments"* on Page 245 of this Draft Red Herring Prospectus.

## PAYMENT OR BENEFIT TO OUR GROUP COMPANIES

Except as stated in chapter titled *"Related Party Transactions"* beginning on page 197 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Group Companies during the period/financial years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013, and March 31, 2012 nor is any benefit proposed to be paid to them.

## RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please refer to the section titled, *Financial Statements as restated*' beginning on page 199 of this Draft Red Herring Prospectus

## DIVIDEND POLICY

Under the Companies Act, 2013, an Indian company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, 2013 dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. Our Company has not paid any dividend for the last five years and till March 31, 2016.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the "record date" are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

## SECTION V-FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS AS RE-STATED

### AUDITOR'S REPORT ON RESTATED FINANCIAL STATEMENT

**To,**
**The Board of Directors**
**Gretex Industries Limited**
**158, Lenin Sarani, Room No. 7B, 3rd Floor,**
**Kolkata – 700 013, West Bengal, India**

Dear Sirs,

1. **Report on Restated Financial Statements**

We have examined the Restated Financial Statements as of M/s. Gretex Industries Limited (hereinafter referred to as "the Company"), the summarized statements of which annexed to this report have been prepared in accordance with the requirements of:

a) Section 26 of Companies Act, 2013 (hereinafter referred to as the "Act"), read with the applicable provisions within Rule - 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended;

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the Regulation") ("SEBI ICDR Regulations") issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time;

c) The terms of reference to our engagements with the Company requesting us to examine financial statements referred to above and proposed to be included in the Draft Red Herring Prospectus / Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in NSE EMERGE ("IPO" or "SME IPO");

d) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ("ICAI"); and

e) In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts, We, **Surana Singh Rathi And Co., Chartered Accountants,** have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid Certificate No. 006575 dated 2nd June, 2013 issued by the "Peer Review Board" of the ICAI.

2. The Restated Summary Statements and Financial information of the Company have been extracted/ prepared by the management from the Audited Financial Statements of the Company for the financial year ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, which have been approved by the Board of Directors.

3. Information of the Company are for the year ended March 31, 2016, 2015 which have been audited by M/s. Gupta Agarwal & Associates, Chartered Accountants and for the year ended March 31, 2014, 2013, 2012, which have been audited by M/s. Jay & Co., Chartered Accountants and accordingly reliance has been placed on financial Information examine by them for the said period. The financial report included for those periods is solely based on the report submitted by them. We have carried out the re-audit for the financial statement for the year ended March 31, 2016 as per SEBI requirements.

4. **Financial Information as per Audited Financial Statements:**

1) We have examined:

i. The attached Restated Statement of Assets and Liabilities of the Company, as at March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 (**Annexure I**);

ii. The attached Restated Statement of Profits and Losses of the Company for financial Period/Years ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012. (**Annexure II**);

iii. The attached Restated Statement of Cash Flows of the Company for financial Period/Years ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012. (**Annexure III**);

iv. The Significant Accounting Policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications/ adjustments/ regroupings. (**Annexure IV**);

(Collectively hereinafter referred as "Restated Financial Statements" or "Restated Summary Statements")

2) In accordance with the requirements of sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations, the Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India (the 'ICAI') and the terms of our engagement agreed with you, we report that:

   a) The **"Restated Statement of Assets and Liabilities"** as set out in **Annexure I** to this report, of the Company as at March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual Financial Statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.

   b) The **"Restated Statement of Profit and Loss"** as set out in **Annexure II** to this report, of the Company for financial Years ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report.

   c) The **"Restated Statement of Cash Flow"** as set out in **Annexure III** to this report, of the Company for financial Years ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Cash restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure IV** to this Report.

Based on the above, 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 years have been made to which they relate.

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. There are no qualifications in the Statutory Audit Reports of Prior Years and hence no adjustments are required in restated financials on this account.

iv. There are no revaluation reserves, which need to be disclosed separately in the "Restated Financial Statements".

v. The Company has not paid any dividend on its equity shares till March 31, 2016.

**5. Other Financial Information:**

1. We have also examined the following financial information as set out in annexure prepared by the Management and as approved by the Board of Directors of the Company for the Period/Years ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012.

| | |
|---|---|
| Statement of Share Capital | Note 1 |
| Statement of Reserve & surplus | Note 2 |
| Statement of Long Term Borrowings | Note 3 |
| Statement of Deferred Tax Liabilities | Note 4 |
| Statement of Short Term Borrowings | Note 5 |
| Statement of Trade Payables | Note 6 |
| Statement of Other Current Liabilities | Note 7 |
| Statement of Short-Term Provisions | Note 8 |
| Statement of Fixed Assets | Note 9 |
| Statement of Long term loans and advances | Note 10 |
| Statement of Other Non-Current Assets | Note 11 |
| Statement of Current Investments | Note 12 |
| Statement of Inventories | Note 13 |
| Statement of Trade receivables | Note 14 |
| Statement of Cash & Cash Equivalents | Note 15 |
| Statement of Short Term Loans & Advances | Note 16 |
| Statement of Other Current Assets | Note 17 |
| Statement of Revenue From Operations | Note 18 |
| Statement of Other Income | Note 19 |
| Statement of Cost of operations | Note 20 |
| Statement of Employee Benefits Expenses | Note 21 |
| Statement of Finance Costs | Note 22 |
| Statement of Depreciation and Amortization Expense | Note 23 |
| Statement of Other Expenses | Note 24 |
| Statement of Significant Accounting Ratios | Note 25 |
| Statement of Capitalization | Note 26 |
| Statement of Tax shelter | Note 27 |

2. The Restated Financial Information contain all the disclosures required by the SEBI ICDR regulations and partial disclosures as required by Accounting Standards notified under the Companies Act, 1956 of India read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Act.

3. In our opinion, the above financial information contained in Annexure I to Annexure III and Note 1 to Note 29 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 the 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 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.

4. 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.
5. The report should not in any way be construed as a re-issuance or re-drafting of any previous audit report, nor should this constructed as a new opinion on any of the financial statements referred to herein.
6. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
7. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO-SME for Proposed Offer of Equity Shares of the Company and our report should not be used, referred to or adjusted for any other purpose without our written consent.

6. **Auditor's Responsibility**

Our responsibility is to express an opinion on these restated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

7. **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements read together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable;

a) In the case of Restated Statement of Assets and Liabilities of the Company as at March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31 2012;

b) In the case of the Restated Statement of Profit and Loss, of the profit of the Company for the Years ended on that date; and

c) In the case of the Restated Cash Flow Statement, of the cash flows of the Company for the Years ended on that date.

**For Surana Singh Rathi And Co.,**

**Chartered Accountants,**
**Firm Reg. No. 317119E**
**PRC No.: 006575**

**Renu Surana**
**Partner**
**M. No.: 061788**

**Place: Kolkata**
**Date: June 20, 2016**

**ANNEXURE – I - STATEMENT OF ASSETS AND LIABILITIES AS RESTATED**

**Rs. In Lakhs**

| S. No | Particulars | March 31, | | | | | |
|---|---|---|---|---|---|---|---|
| | | Notes No | 2016 | 2015 | 2014 | 2013 | 2012 |
| I | **EQUITY AND LIABILITIES** | | | | | | |
| 1 | **SHAREHOLDERS FUNDS** | | | | | | |
| | (a) Share Capital | 1 | 315.56 | 6.34 | 6.34 | 3.75 | 3.75 |
| | (b) Reserves And Surplus | 2 | 61.30 | 229.30 | 198.20 | 115.57 | 115.26 |
| | **TOTAL(1)** | | **376.86** | **235.64** | **204.54** | **119.32** | **119.01** |
| 2 | **NON-CURRENT LIABILITIES** | | | | | | |
| | (a) Long Term Borrowings | 3 | 116.97 | 169.00 | 178.11 | - | - |
| | (b) Deferred Tax Liabilities | 4 | 27.85 | 15.31 | 1.39 | 0.18 | 0.14 |
| | **TOTAL(2)** | | **144.82** | **184.31** | **179.51** | **0.18** | **0.14** |
| | | | | | | | |
| 3 | **CURRENT LIABILITIES** | | | | | | |
| | (a) Short Term Borrowings | 5 | 111.43 | 207.48 | 105.00 | 101.90 | - |
| | (b) Trade Payables | 6 | 28.80 | 55.62 | 1.23 | 0.27 | 0.24 |
| | ('c) Other Current Liabilities | 7 | 49.08 | 43.60 | 51.66 | 0.26 | 0.10 |
| | (d) Short Term Provisions | 8 | 16.66 | 7.34 | 0.61 | - | - |
| | TOTAL(3) | | **205.97** | **314.04** | **158.50** | **102.43** | **0.34** |
| | | | | | | | |
| | **TOTAL(1+2+3)** | | **727.65** | **733.99** | **542.55** | **221.94** | **119.49** |
| II | **ASSETS** | | | | | | |
| 1 | **NON-CURRENT ASSETS** | | | | | | |
| | (a) Fixed Assets | 9 | 436.56 | 469.13 | 444.94 | 1.70 | 3.22 |
| | (b) Long-Term Loans And Advances | 10 | 10.91 | 10.91 | 10.66 | 6.44 | - |
| | (c) Other Non-Current Assets | 11 | - | - | - | - | - |
| | **TOTAL(1)** | | **447.47** | **480.04** | **455.60** | **8.13** | **3.22** |
| 2 | **CURRENT ASSETS** | | | | | | |
| | (a) Current Investments | 12 | 69.00 | 22.05 | 22.05 | 111.65 | 81.15 |
| | (b) Inventories | 13 | 37.97 | 68.21 | 5.00 | - | - |
| | (c)Trade Receivables | 14 | 128.11 | 120.39 | 3.71 | - | - |
| | (d) Cash And Cash Equivalents | 15 | 25.67 | 19.36 | 36.34 | 3.48 | 10.26 |
| | (e) Short-Term Loans And Advances | 16 | 19.42 | 12.27 | 19.85 | 98.67 | 24.86 |
| | (f) Other Current Assets | 17 | - | 11.68 | - | - | - |
| | **TOTAL (2)** | | **280.18** | **253.95** | **86.95** | **213.80** | **116.27** |
| | **TOTAL (1+2)** | | **727.65** | **733.99** | **542.55** | **221.94** | **119.49** |

## ANNEXURE – II -STATEMENT OF PROFIT AND LOSS AS RESTATED

Rs. In Lakhs

| S. No | Particulars | March 31, | | | | | |
|---|---|---|---|---|---|---|---|
| | | Notes No | 2016 | 2015 | 2014 | 2013 | 2012 |
| | **Revenue From Operations** | | | | | | |
| I | Revenue From Operations | 18 | 371.93 | 388.58 | 3.83 | 10.00 | 7.20 |
| II | Other Income | 19 | 3.79 | 15.71 | 18.51 | 1.60 | 2.43 |
| | **Total Revenue (I+II)** | | **375.72** | **404.29** | **22.35** | **11.60** | **9.63** |
| III | **EXPENSES:** | | | | | | |
| a | Cost of operations: | 20 | 209.92 | 335.72 | 4.05 | - | - |
| b | Changes in inventories of finished goods work-in progress and stock-in-trade | | 30.24 | (63.21) | - | - | - |
| c | Employee benefits expenses | 21 | 18.37 | 15.59 | 0.53 | 3.42 | 3.12 |
| d | Finance costs | 22 | 20.46 | 26.17 | 5.01 | 2.11 | 0.00 |
| e | Depreciation and amortization expense | 23 | 35.89 | 34.43 | 6.88 | 1.52 | 0.72 |
| f | Other expenses | 24 | 14.01 | 13.97 | 1.28 | 4.10 | 5.32 |
| | **Total expenses** | | **328.89** | **362.67** | **17.75** | **11.16** | **9.16** |
| IV | **Profit before exceptional and** | | **46.83** | **41.62** | **4.59** | **0.45** | **0.47** |
| | **Extraordinary items and tax (iii-iv)** | | | | | | |
| V | Exceptional items | | | | | | |
| VI | **Profit before extraordinary items and tax (v-vi)** | | **46.83** | **41.62** | **4.59** | **0.45** | **0.47** |
| VII | Extraordinary items | | | | | | |
| VIII | **Profit before tax (vii-viii)** | | **46.83** | **41.62** | **4.59** | **0.45** | **0.47** |
| IX | **Tax expense** | | | | | | |
| | Current tax | | **8.92** | **7.93** | **0.87** | **0.10** | **0.09** |
| | Earlier years tax | | | | | | |
| | Deferred tax | | **12.54** | **13.91** | **1.21** | **0.04** | **0.14** |
| | Mat credit entitlement account | | **(5.85)** | **(7.93)** | **(0.87)** | - | **(0.09)** |
| X | **Profit(loss) for the period from** | | **31.22** | **27.71** | **3.38** | **0.31** | **0.33** |
| | **Continuing operations (vii-viii)** | | | | | | |
| XI | Profit(loss) from discontinuing operations | | - | - | - | - | - |
| XII | Tax expense of discontinuing operations | | - | - | - | - | - |
| XIII | Profit(loss) from discontinuing operations | | - | - | - | - | - |
| | (After tax) (xii-xiii) | | - | - | - | - | - |
| XIV | Income tax for earlier years | | - | - | - | - | - |
| XV | **Profit (loss) for the period (xi+xiv)** | | **31.22** | **27.71** | **3.38** | **0.31** | **0.33** |
| XVI | Earning per equity share | | | | | | |
| a | Basic (in rupees) | 25 | **1.08** | **43.71** | **6.79** | **0.82** | **0.87** |
| b | Diluted (in rupees) | | **1.08** | **43.71** | **6.79** | **0.82** | **0.87** |

## ANNEXURE – III -STATEMENT OF CASHFLOW AS RESTATED

**Rs in Lakhs**

| Sr. No | Particulars | March 31, | | | | |
|---|---|---|---|---|---|---|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| | **Cash flow from operating activities:** | | | | | |
| | Net Profit/(Loss) before tax | 46.83 | 41.62 | 4.59 | 0.45 | 0.47 |
| | Adjustments for: | | | | | |
| | Finance Cost | 20.46 | 26.17 | 5.01 | 2.11 | 0.00 |
| | Depreciation | 35.89 | 34.43 | 6.88 | 1.52 | 0.59 |
| | Interest Income | (1.29) | (1.23) | (1.25) | (1.60) | (0.63) |
| | Preliminary Expenses | - | - | - | - | 0.13 |
| | Profit on sale of investment | - | - | (17.40) | - | - |
| | Profit on sale of office | - | - | - | - | (1.81) |
| | **Operating Profit before working capital changes** | **101.89** | **101.00** | **(2.17)** | **2.48** | **(1.24)** |
| | Increase / (Decrease) in short term borrowings | (96.05) | 102.48 | 3.10 | 101.90 | - |
| | Increase / (Decrease) in Trade Payables | (26.81) | 54.39 | 0.96 | 0.03 | (1.20) |
| | Increase / (Decrease) in Other Current Liabilities | 5.22 | 0.37 | 0.37 | 0.16 | (2.97) |
| | (Increase) / Decrease in Inventories | 30.24 | (63.21) | (5.00) | - | - |
| | (Increase) / Decrease in Trade Receivable | (7.72) | (116.68) | (3.71) | - | 0.31 |
| | (Increase) / Decrease in Short Term Loans & Advances & other current assets | 10.37 | 3.84 | 79.79 | (73.89) | (4.56) |
| | **Operating Profit after working capital changes** | **17.14** | **82.19** | **73.33** | **30.69** | **(9.66)** |
| | Less: Income Tax Paid | (0.39) | 1.20 | 0.36 | 0.03 | 0.08 |
| | **Net Cash from/ (used in) Operating Activities** | **17.53** | **80.99** | **72.97** | **30.66** | **(9.75)** |
| | **Cash Flow from Investing Activities :** | | | | | |
| | (Purchase)/ Sale of Fixed Assets | (3.32) | (55.24) | (450.12) | - | (3.81) |
| | (Purchase)/ Sale of Current Investments | (46.95) | - | 107.00 | (30.50) | 19.95 |
| | (Increase) / Decrease in Long Term Loans & Advances | - | (0.25) | (4.22) | (6.44) | - |
| | Interest Income | 1.29 | 1.23 | 1.25 | 1.60 | 0.63 |
| | Profit on sale of office | - | - | - | - | 1.81 |
| | **Net Cash from/ (used in) Investing Activities** | **(48.98)** | **(54.26)** | **(346.09)** | **(35.34)** | **18.57** |
| | **Cash Flow from Financing Activities :** | | | | | |
| | Increase / (Decrease) in Long Term Borrowings | (51.77) | (17.54) | 229.15 | - | - |
| | Proceeds from Issue of shares | 110.00 | - | 81.84 | - | - |
| | Finance Cost paid | (20.46) | (26.17) | (5.01) | (2.11) | (0.00) |
| | **Net Cash from/ (used in) Financing Activities** | **37.77** | **(43.71)** | **305.98** | **(2.11)** | **(0.00)** |

## CORPORATE INFORMATION

GRETEX INDUSTRIES LIMITED (the Company) is a unlisted public limited company domiciled in India originally incorporated as private limited company under the provisions of the Companies Act, 1956 named as Heritage Barter Private Limited and consequently the name of the company was changed from M/s Heritage Barter Private Limited to Gretex Industries Private Limited on 7Th February, 2013 and again the company was converted from Private Limited Company to closely held Public Limited Co. on 20th November 2013 from M/s Gretex industries Private Limited to Gretex Industries Limited.

## SIGNIFICANT ACCOUNTING POLICIES & NOTES:

### A. Basis Of Preparation of Financial Statements

March 31, 2012 and the related restated summary statement of profits and loss and cash flows for the years ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 have been compiled by the management from the audited financial statements of the Company for the years ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 approved by the Board of Directors of the Company. Restated Summary Statements have been prepared to comply in all material respects with the provisions of Part I of Chapter III of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the SEBI Guidelines) issued by SEBI and Guidance note on Reports in Companies Prospectus (Revised). Restated Summary Statements have been prepared specifically for inclusion in the offer document to be filed by the Company with the NSE EMERGE in connection with its proposed Initial public offering of equity shares. The Company's management has recast the financial statements in the form required by Schedule III of the Companies Act, 2013 for the purpose of Restated Summary Statements.

The restated summary statement of assets and liabilities of the Company as at March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements have been prepared on an accrual basis except as otherwise stated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company ascertains its operating cycle for the purpose of current/non-current classification of assets and liabilities.

### B. Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### C. Miscellaneous Expenditure (To The Extent Not Written Off Or Adjusted)

The company is in textile industry engaged in knitting activity started its commercial production from 01st March, 2014. The expenses and miscellaneous income as on the date of commercial production has been sperately shown as pre-operative expenses and capitalised as Plant & Machinery in restated financial statements

### D. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**E. Provision For Current And Deferred Tax**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

**F. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Long Term Investments.

On initial recognition, all investments are measured at lower of cost and fair value. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Long term investments are carried in the financial statements at cost. Current investments are stated at cost or fair market value, whichever is lower.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

As on 31.03.2016 Gretex Industries Limited holds 28.75% of Sherwood Securities Pvt. Ltd. By virtue of this Sherwood Securities Pvt Ltd become associate company of Gretex Industries Limited. However the Financial Statements are not consolidated as on 31.03.2016 having associated relation, as the investment made in Sherwood Securities Pvt Ltd are current in nature to be disposed off within a year.

**G. Current Assets, Loans & Advances**

n the opinion of the Board and to the best of its knowledge and belief the value on realization of current assets in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and repayable on demand.

**H. Inventories**

Finished and Semi-Finished products produced and purchased by the Company are carried at lower of cost and net realizable value after providing for obsolescence, if any

Finished and Semi-Finished products produced and purchased by the Company are carried at lower of cost and net realizable value after providing for obsolescence, if any. Work-in-progress is carried at lower of cost and net realizable value.

Stock of raw materials, stores, spare parts and packing materials are valued at lower of cost less CENVAT Credit/ VAT availed or net realizable value.

Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Liability for excise duty in respect of goods manufactured by the Company is accounted upon removal of goods from the factory.

**I. Fixed Assets and Depreciation**
**Tangible assets**

Tangible assets are stated at their cost of acquisition net of receivable CENVAT and VAT Credits. All costs, direct or indirect, relating to the acquisition and installation of fixed assets and bringing it to its working condition for its intended use are capitalized and include borrowing costs and adjustments arising from foreign exchange rate variations directly attributable to construction or acquisition of fixed assets. In the restated financials, depreciation on fixed assets upto FY 2013-14 has been provided on Straight Line Method the using the following rates as specified in Schedule XIV to the Companies Act, 1956:

A) Computer, Server for Dialer and Pri Card - 40%

B) Furniture & Fixtures - 18.10%

C) Plant & Machineries - 13.91%

Depreciation on fixed assets is provided on straight line method (SLM) on a pro-rata-basis at the rates and in the manner specified in Schedule II to the Companies Act, 2013 w.e.f. financial year 2014-15. An amount of Rs. 3,38,276/- has been disclosed in the financial statements of FY 2014-15 as Adjustment of Depreciation due to change in depreciation method followed from WDV method to SLM method. In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis with reference to the days of addition/put to use or disposal.

**Intangible assets**

Intangible Assets are stated at their cost of acquisition, less accumulated amortization and accumulated impairment losses thereon. An intangible asset is recognized where it is probable that future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated based on the estimates of the useful life of the asset not exceeding five years.

**J. Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**K. Recognition of Income & Expenditure**

Income and expenditure is recognized and accounted for on accrual basis. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customer and when no significant uncertainty exists regarding realization of the consideration. Sales are recorded net of sales returns, sales tax/VAT, cash and trade discounts.

**L. Earning Per Shares**

The Company reports Basic and Diluted earnings per equity share in accordance with the Accounting Standard - 20 on Earning Per Share. In determining earning per share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary/exceptional items. The number of shares used in computing basic earning per share is the weighted average number of equity shares outstanding during the period. The numbers of shares used in computing diluted earning per share comprises the weighted average number of equity shares that would have been issued on the conversion of all potential equity shares. Dilutive potential equity shares have been deemed converted as of the beginning of the period, unless issued at a later date.

**M. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**N. Dues to Micro & Small Enterprises Under the MSMED Act 2006**

There are no dues to Micro, Small and Medium Enterprises (MSMEs) as defined in the Micro, Small, Medium Enterprises Development Act, 2006 within the appointed date during the year and no MSMEs to whom the Company owes dues on account of principal amount together with interest at the balance sheet date and hence no additional disclosures have been made.

**O. Contingent Liabilities**

i. The Company has imported 25 Nos. Unitex Circular Knitting Machines from United Texmac Pte Ltd - Singapore on which import duty of Rs. 72,90,107/- was saved against which the export obligation to be met in 6 years equivalent to 6 times of the duty saved i.e. Rs.4,37,40,642/- vide EPCG License No. 0230008899/3/12/00 dated 14.06.2013.

ii. The Company has imported 2 Nos. Single Jersey Circular Kniting Machines from China on which import duty of Rs.6,59,910/- was saved against which the export obligation to be met in 6 years equivalent to 6 times of the duty saved i.e. Rs.39,59,458/- vide EPCG License No. 0230010241/2/12/00 dated 20.04.2015.

**P. Managerial Remuneration**

A. Detail of payments and provisions on account of remuneration to managerial personnel is as under:

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2016 | 2016 | 2016 | 2016 |
| Director Remuneration - Arvind Harlalka | 3.60 | 4.00 | 3.60 | 1.20 | 1.20 |
| Director Remuneration - Alok Harlalka | - | - | - | 1.20 | 1.20 |
| Director Remuneration - Sumit Harlalka | - | - | - | 0.24 | 0.24 |
| **Total** | **3.60** | **4.00** | **3.60** | **2.64** | **2.64** |

**Q. RELATED PARTY DISCLOSURES**

(a) List of Related Parties

Name of related parties with whom transactions have taken place during the year:

(i) Key Management Personnel

Arvind Harlalka
Alok Harlalka
Sumit Harlalka

(ii) Enterprise where control exists

Sankhu Merchandise Private Limited
Sankhu Entertainment & Production Private Limited
Apsara Selection Private Limited
Ambuja Technologies Private Limited
Dynamic Trading Co.
Gretex Corporate Services Private Limited
ASP Infinity Solutions Pvt Ltd
Sherwood Securities Private Limited

(iii) Relatives of Key Management Personnel

Rajkumari Harlalka

**R. SUBSIDY**

The Company is accounting subsidy income received against interest expenses on loan under RR TUFS scheme on receipt basis.

| Particulars | Key Managerial Personnel and Relative of Key Management Personnel | | | | | Enterprise where control exists | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | For the year ended 31st March, 2012 | For the year ended 31st March, 2016 | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
| | | | | | | | | |
| **CURRENT INVESTMENTS** | | | | | | | | |
| Sherwood Securities Private Limited 230000 shares @ 30/- | - | - | - | - | - | 69.00 | - | |
| **Loan Taken** | | | | | | | | |
| Alok Harlalka | 4.50 | - | - | - | - | | | |
| Gretex Corporate Services Pvt Ltd | | | | | | 181.85 | - | - |
| **Loan Repaid** | | | | | | | | |
| Gretex Corporate Services Pvt Ltd | - | - | - | - | - | 181.85 | - | - |
| **Advances Taken** | | | | | | | | |
| Sankhu Entertainment & Production Pvt Ltd | - | - | - | - | - | - | - | 3.50 |
| Ambuja Technologies Pvt Ltd | - | - | - | - | - | - | - | 3.50 |
| Gretex Corporate Services Pvt Ltd | - | - | - | - | - | - | - | 14.39 |
| **Advances Repaid** | | | | | | | | |
| Sankhu Entertainment & Production Pvt Ltd | - | - | - | - | - | - | - | 3.50 |
| Ambuja Technologies Private Limited | - | - | - | - | - | - | - | 3.50 |
| Gretex Corporate Services Pvt Ltd | - | - | - | - | - | - | - | 14.39 |
| **Advances Given** | | | | | | | | |
| Alok Harlalka | - | - | 0.24 | - | - | | | |
| **Loan Given** | | | | | | | | |
| Dynamic Trading Co | | | | | | - | - | 15.00 |
| **Loan Refund** | | | | | | | | |
| Arvind Harlalka | - | - | 0.22 | - | - | | - | - |
| Dynamic Trading Co | | | | | | 0.02 | 5.00 | 10.00 |
| **Interest Received** | | | | | | | | |
| Dynamic Trading Co | | | | | | - | - | 0.02 |

| Particulars | Key Managerial Personnel and Relative of Key Management Personnel | | | | | Enterprise where control exists | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | For the year ended 31st March, 2012 | For the year ended 31st March, 2016 | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
| **Computer Expenses Paid** | | | | | | | | |
| ASP Infinity Solutions Pvt Ltd | - | 1.20 | - | - | - | | | |
| Arvind Harlalka | - | 0.01 | - | - | - | | | |
| **Managerial Remuneration** | | | | | | | | |
| Arvind Harlalka | 3.60 | 4.00 | 3.60 | 1.20 | 1.20 | | | |
| Alok Harlalka | - | - | - | 1.20 | 1.20 | | | |
| Sumit Harlalka | - | - | - | 0.24 | 0.24 | | | |
| **License Renewal** | | | | | | | | |
| Alok Harlalka | - | 0.02 | - | - | - | | | |
| **ROC Filing Fees** | | | | | | | | |
| Arvind Harlalka | 3.77 | 0.04 | - | - | - | | | |
| Alok Harlalka | - | 0.01 | - | - | - | | | |
| **Car Rent Paid** | | | | | | | | |
| Rajkumari Harlalka | - | - | 3.00 | - | - | | | |
| **Telephone Expenses Reimbursement** | | | | | | | | |
| Arvind Harlalka - 9830025765 | 0.27 | 0.21 | - | - | - | | | |
| **Allotment Made** | | | | | | | | |
| Sankhu Merchandise Private Limited | | | | | | | | |
| 6700 shares @ 316/- | | | | | | - | - | 21.17 |
| 2850 shares @ 316/- | | | | | | - | - | 9.01 |
| Sumit Harlalka | - | - | 0.32 | - | - | | | |
| 100 shares @ 316/- | | | | | | | | |
| | | | | | | | | |
| Arvind Harlalka | | | | | | | | |
| 100 shares @ 316/- | - | - | 0.32 | - | - | | | |

| Particulars | Key Managerial Personnel and Relative of Key Management Personnel | | | | | Enterprise where control exists | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | For the year ended 31st March, 2012 | For the year ended 31st March, 2016 | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
| | | | | | | | | |
| Apsara Selections Private Limited | | | | | | | | |
| 16150 shares @ 316/- | | | | | | - | - | 51.03 |
| | | | | | | | | |
| **BALANCES AT THE YEAR END** | | | | | | | | |
| | | | | | | | | |
| **Receivable** | | | | | | | | |
| Dynamic Trading Co | | | | | | - | 0.02 | 5.02 |
| Alok Harlalka | - | - | 0.24 | - | - | | | |
| | | | | | | | | |
| **Payable** | | | | | | | | |
| Arvind Harlalka | 4.64 | 0.21 | - | - | - | | | |
| Alok Harlalka | 4.50 | - | - | - | - | | | |
| | | | | | | | | |

**List of Holding and Subsidiary company**

| | |
|---|---|
| **- Holding Company** | The Company does not have any holding company |
| **- Subsidiary Company** | The Company does not have any subsidiary company. |
| **- Associate Company** | Sherwood Securities Private Limited (w.e.f. 09.10.2015) |

**NOTES TO AND FORMING PART OF RESTATED BALANCE SHEET**

**NOTE 1 -STATEMENT OF SHARE CAPITAL**

**Rs. in Lakhs**

| Sr. No | Particulars | March 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
| 1 | **Share capital:** | | | | | | | | | | |
| A. | **Authorised:** | | | | | | | | | | |
| | Equity Share Capital | | **350.00** | | **10.00** | | **10.00** | | **5.00** | | **5.00** |
| | No. of Equity Shares of Rs.10/- each | | 3,500,000 | | 100,000 | | 100,000 | | 50,000 | | 50,000 |
| B. | **Issued, Subscribed& Paid Up** | | | | | | | | | | |
| | Shares At The Beginning Of The Accounting Period | | | | | | | | | | |
| | Equity Shares OF Rs.10/- each | | 6.34 | | 6.34 | | 3.75 | | 3.75 | | 3.75 |
| | Bonus issue during the year | | 209.22 | | - | | - | | - | | - |
| | Preferential allotment during the year | | 100.00 | | - | | 2.59 | | - | | - |
| | Equity Shares at the end of the accounting period equity shares of Rs.10/- each | | **315.56** | | **6.34** | | **6.34** | | **3.75** | | **3.75** |
| | | | | | | | | | | | |
| C. | **Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period** | | | | | | | | | | |

| | | As at March 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
| | | **Nos** | **Amount** | **Nos** | **Amount** | **Nos** | **Amount** | **Nos** | **Amount** | **Nos** | **Amount** |
| | Shares outstanding at the beginning of the year | 63,400 | 6.34 | 63,400 | 6.34 | 37,500 | 3.75 | 37,500 | 3.75 | 37,500 | 3.75 |
| | Shares issued during the year | 3,092,200 | 309.22 | - | - | 25,900 | 2.59 | - | - | - | - |
| | Shares outstanding at the end of the year | **3,155,600** | **315.56** | **63,400** | **6.34** | 63,400 | 6.34 | **37,500** | **3.75** | **37,500** | **3.75** |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **D.** | **TERMS/ RIGHTS ATTACHED TO EQUITY SHARES** | | | | | | | | | | |
| | The Company has only one class of equity share having par value of Rs 10/- per share. Each holder of Equity share is entitled to one vote per share. | | | | | | | | | | |
| | In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The Distribution will be in proportion to the number of equity share held by the shareholders | | | | | | | | | | |
| **E.** | **Details of shareholders holding more than 5% shares of the Company** | | | | | | | | | | |
| | **Name Of The Shareholder** | **As at March 31,** | | | | | | | | | |
| | | **2016** | | **2015** | | **2014** | | **2013** | | **2012** | |
| | **( EQUITY SHARES OF RS 10/ EACH FULLY PAID UP )** | **Nos** | **%** | **Nos** | **%** | **Nos** | **%** | **Nos** | **%** | **Nos** | **%** |
| | Ambuja Technologies Private Limited | 527,000 | 16.70 | 15,500 | 24.45 | 15,500 | 24.45 | 15,500 | 41.33 | 15,500 | 41.33 |
| | Gretex Corporate Services Pvt Ltd | 476,000 | 15.08 | 14,000 | 22.08 | 14,000 | 22.08 | 14,000 | 37.33 | 14,000 | 37.33 |
| | Ambition Tie -up Private Limited | 572,000 | 18.13 | 8,000 | 12.62 | 8,000 | 12.62 | 8,000 | 21.33 | 8,000 | 21.33 |
| | Sankhu Merchandise Pvt Ltd | - | - | 9,550 | 15.06 | 9,550 | 15.06 | - | - | - | - |
| | Apsara Selections Pvt Ltd | - | - | 16,150 | 25.47 | 16,150 | 25.47 | - | - | - | - |
| | Bonanza Agency Private Limited | 674,700 | 21.38 | - | - | - | - | - | - | - | - |
| | Talent Investment Company Pvt Ltd | 899,100 | 28.49 | - | - | - | - | - | - | - | - |
| | As per records of the Company, including its registers of Shareholders / Members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares. | | | | | | | | | | |
| **F.** | **SHARES ISSUED FOR CONSIDERATION IN CASH** | | | | | | | | | | |
| | **a. During the Financial Year 2013-14, the company has issued 25,900 equity shares of Rs. 316/- per share including premium of Rs. 306/- per share.** | | | | | | | | | | |
| | **b. The company has made preferential allotment of 10,00,000 equity shares of Rs. 10/- each at a premium of Re. 1/- each during the financial year 2015-2016** | | | | | | | | | | |
| | | | | | | | | | | | |
| **G.** | **SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH** | | | | | | | | | | |
| | **The company has issued bonus shares in ratio of 1:33 (i.e. 33 equity shares for every 1 equity share held) during the financial year 2015-2016** | | | | | | | | | | |

## NOTE 2- STATEMENT OF RESERVES & SURPLUS

**Rs in Lakhs**

| Particulars | March 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **Reserve & surplus:** | | | | | |
| General Reserve | | | | | |
| At the beginning of the accounting period | | | | | |
| Additions during the year | | | | | |
| At the end of the accounting period | | | | | |
| Securities Premium Account | | | | | |
| At the beginning of the accounting period | 194.00 | 194.00 | 114.75 | 114.75 | 114.75 |
| Utilised during the year (Bonus issue) | (194.00) | - | - | - | - |
| Additions during the year | 10.00 | - | 79.25 | - | - |
| At the end of the accounting period | **10.00** | **194.00** | **194.00** | **114.75** | **114.75** |
| Surplus | | | | | |
| At the beginning of the accounting period | 35.29 | 4.20 | 0.82 | 0.51 | 0.19 |
| Adjustment for depreciation | - | 3.38 | - | - | - |
| Utilized during the year for (bonus issue) | (15.22) | - | - | - | - |
| Additions during the year | 31.22 | 27.71 | 3.38 | 0.31 | 0.33 |
| (Balance in Statement of Profit & Loss A/c) | | | | | |
| Allocations and Appropriations | | | | | |
| Dividend | | | | | |
| Tax on Dividend | | | | | |
| Bonus shares issued | | | | | |
| Transfer to/from Reserves | | | | | |
| At the end of the accounting period | **51.30** | **35.29** | **4.20** | **0.82** | **0.51** |
| **GRAND TOTAL** | **61.30** | **229.30** | **198.20** | **115.57** | **115.26** |
| **Money Received Against Share Warrants** | | | | | |

**Note**: The bonus issue of rs.2,09,22,000/- was utilized from securities premium account and surplus at the beginning of the year i.e. As on 01.04.2015 & surplus during the period from 01.04.2015 to 31.05.2015.

## NOTE 3 - STATEMENT OF LONG TERM BORROWINGS

**Rs in Lakhs**

| Particulars | As at March 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **Non Current Portion** | | | | | |
| **Secured Term Loans** | | | | | |
| Secured Loan from United Bank of India (Secured against Hypothecation and first charge on the Fixed Assets of the Company situated at Company's Factory Premises - JALAN COMPLEX) | 100.83 | 146.67 | 174.17 | - | - |
| (Interest Rate: 13.25% p.a. + (B.R. + 3.00%) and repayable on demand) | | | | | |
| Secured Loan from Reliance Capital Limited | - | 1.03 | 3.95 | - | - |
| **Unsecured Long Term Borrowings:** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| (Secured Against Hypothecation of Generator at Factory Premises - JALAN COMPEX) | | | | | |
| (Interest Rate: 18.25% p.a. and repayable on demand) | | | | | |
| | | | | | |
| BMW India Financial Services Pvt Ltd(Bmw Car Loan) | 16.14 | 21.30 | - | - | - |
| (Secured against Hypothecation of BMW - JALAN COMPEX) | | | | | |
| (Interest Rate: 10.58% p.a. and repayable on demand) | | | | | |
| **TOTAL** | **116.97** | **169.00** | **178.11** | - | - |

**NOTE 4 -STATEMENT OF DEFFERRED TAX LIABILITIES**

**Rs in Lakhs**

| Particulars | As atMarch 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| DEFERRED TAX LIABILITIES | | | | | |
| Fixed Assets : Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting | 27.85 | 20.24 | 8.62 | 0.20 | 0.17 |
| Preliminary expenses | - | - | - | (0.01) | (0.03) |
| Unabsorbed depreciation | | (4.94) | (7.23) | | |
| | 27.85 | 15.31 | 1.39 | 0.18 | 0.14 |

## NOTE 5 - STATEMENT OF SHORT TERM BORROWINGS

**Rs in Lakhs**

| Particulars | For the Year Ended March 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **SECURED LOAN** | | | | | |
| United Bank of India (Salt Lake Branch) - Overdraft A/c | 25.94 | 25.09 | | | |
| (Primary: Secured against Hypothecation and first charge on The Fixed Assets of the Company Situated At Company's Factory Premises - Jalan Compex, All Movable Items, Current Assets comprising Book Debts, Stores & Spares & Other Current Assets) | | | | | |
| (Additional: Equitable Mortgage of 1. Residential Place at Flat No. 4C, 4th Floor, Shivam Tower, Krishnapur, Ghosh Para, Baguiati, Kolkata - 700 102 2. Commercial office space at Room No. 7B, 3rd Floor, 158 Lenin Sarani, Kolkata - 700 013) | | | | | |
| (Interest Rate: 13.25% p.a. + (B.R. + 3.00%) and repayable on demand) | | | | | |
| Tamilnad Mercantile Bank (Kolkata Branch) - Overdraft A/c | 0.37 | | | - | |
| (Primary: Secured against Fixed Deposit of Rs. 50,000/- bearing Interest Rate @ 9.50% P.A.) | | | | | |
| **Unsecured Loans** | | | | | |
| From Director | 4.50 | - | - | - | - |
| From Others | 80.62 | 182.39 | 105.00 | 101.90 | - |
| From Promoters, Group Companies, Associates, Subsidiaries | - | - | - | - | - |
| **Total** | **111.43** | **207.48** | **105.00** | **101.90** | - |

**Note:**

1. Loan from Directors is a temporary interest free loan to be repaid in current financial year. It cannot be recalled at any time.
2. Loan from Others include Loans from Body Corporate bearing interest rate of 9% and repayable on demand

## NOTE 6 - STATEMENT OF TRADE PAYABLES

**Rs in Lakhs**

| Particulars | For the Year Ended March 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Due to MSME | - | - | - | - | - |
| Due to others | 28.80 | 55.62 | 1.23 | 0.27 | 0.24 |
| Advance from parties-interest free | - | - | - | - | - |
| **Total** | 28.80 | 55.62 | 1.23 | 0.27 | 0.24 |

## NOTE 7- STATEMENT OF OTHER CURRENT LIABILITIES

**Rs in Lakhs**

| Particulars | For the Year Ended March 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Current maturities of long term debts | 42.86 | 42.60 | 51.03 | - | - |
| Audit fee payable | 0.15 | 0.10 | 0.05 | 0.05 | 0.05 |
| TDS payable | 0.85 | 0.66 | 0.22 | 0.21 | 0.05 |
| Professional tax payable | 0.01 | 0.01 | 0.01 | - | - |
| Sundry advances | | | | | |
| (C) tds payable | - | - | - | - | - |
| Wages payable | 0.57 | 0.23 | 0.35 | - | - |
| Liabilities for expenses | 4.64 | - | - | - | - |
| **Total** | **49.08** | **43.60** | **51.66** | **0.26** | **0.10** |

## NOTE 8- STATEMENT OF SHORT TERM PROVISIONS

**Rs in Lakhs**

| Particulars | For the Year Ended March 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Provisions for professional tax | | | | | |
| Provisions for fbt | | | | | |
| Provisions for taxation | 16.66 | 7.34 | 0.61 | - | - |
| (net off advance tax and provision) | - | - | - | - | - |
| Others | - | - | - | - | - |
| **Total** | **16.66** | **7.34** | **0.61** | **-** | **-** |

**NOTE 9- STATEMENT OF FIXED ASSETS**

**Rs. In Lakhs**

| Particulars | Life | GROSS BLOCK (AT COST) | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | AS AT 31.03.2015 | ADDITION DURING THE YEAR | TOTAL COST 31.03.2016 | UPTO 31.03.2015 | FOR THE YEAR | TOTAL 31.03.2016 | SALE/ADJ. | AS AT 31.03.2016 | AS AT 31.03.2015 |
| | | | | | | | | | | |
| **Computer** | 3 | 0.24 | - | 0.24 | 0.24 | - | - | - | - | - |
| | | | | | | | | | | |
| **Server for Dialer** | 3 | 3.35 | - | 3.35 | 3.35 | - | - | - | - | - |
| | | | | | | | | | | |
| **Pri Card** | 3 | 0.22 | - | 0.22 | 0.22 | - | - | - | - | - |
| | | | | | | | | | | |
| **Furniture & Fixtures** | 10 | 11.50 | 0.06 | 11.55 | 1.13 | 1.15 | 2.28 | - | 9.27 | 10.37 |
| | | | | | | | | | | |
| **Plant & Machineries** | 15 | 464.40 | 3.26 | 467.67 | 32.00 | 31.05 | 63.05 | - | 404.62 | 432.41 |
| | | | | | | | | | | |
| **Car** | 8 | 29.46 | - | 29.46 | 3.11 | 3.68 | 6.78 | - | 22.67 | 26.35 |
| | | | | | | | | | | |
| **Total** | | **509.17** | **3.32** | **512.49** | **40.04** | **35.89** | **72.12** | **-** | **436.56** | **469.13** |
| | | | | | | | | | | |
| Previous Year Figures | | 453.94 | 55.24 | 509.17 | 8.99 | 34.43 | 43.42 | (3.38) | 469.13 | 444.94 |

Rs. In Lakhs

| Particulars | Life | GROSS BLOCK (AT COST) | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | AS AT 31.03.2014 | ADDITION DURING THE YEAR | TOTAL COST 31.03.2015 | UPTO 31.03.2014 | FOR THE YEAR | TOTAL 31.03.2015 | SALE/ADJ. | AS AT 31.03.2015 | AS AT 31.03.2014 |
| | | | | | | | | | | |
| **Computer** | 3 | 0.24 | - | 0.24 | 0.21 | 0.06 | 0.28 | (0.04) | - | 0.03 |
| | | | | | | | | | | |
| **Server for Dialer** | 3 | 3.35 | - | 3.35 | 3.22 | 0.67 | 3.88 | (0.53) | - | 0.13 |
| | | | | | | | | | | |
| **Pri Card** | 3 | 0.22 | - | 0.22 | 0.21 | 0.05 | 0.25 | (0.03) | - | 0.01 |
| | | | | | | | | | | |
| **Furniture & Fixtures** | 10 | 10.26 | 1.24 | 11.50 | 0.16 | 1.04 | 1.20 | (0.07) | 10.37 | 10.10 |
| | | | | | | | | | | |
| **Plant & Machineries** | 15 | 439.87 | 24.54 | 464.40 | 5.20 | 29.51 | 34.70 | (2.71) | 432.41 | 434.67 |
| | | | | | | | | | | |
| **Car** | 8 | - | 29.46 | 29.46 | - | 3.11 | 3.11 | - | 26.35 | - |
| | | | | | | | | | | |
| **Total** | | **453.94** | **55.24** | **509.17** | **8.99** | **34.43** | **43.42** | **(3.38)** | **469.13** | **444.94** |
| | | | | | | | | | | |
| Previous Year Figures | | 3.81 | 450.12 | 453.94 | 2.11 | 6.88 | 8.99 | - | 444.94 | 1.70 |

Rs. In Lakhs

| Particulars | RATE OF DEP | GROSS BLOCK (AT COST) | | | NO.OF DAYS | DEPRECIATION | | | SALE/ADJ. | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | AS AT 31.03.2013 | ADDITION DURING THE YEAR | TOTAL COST 31.03.2014 | | UPTO 31.03.2013 | FOR THE YEAR | TOTAL 31.03.2014 | | AS AT 31.03.2014 | AS AT 31.03.2013 |
| | | | | | | | | | | | |
| **Computer** | 40.00% | 0.24 | - | 0.24 | 365 | 0.12 | 0.10 | 0.21 | - | 0.03 | 0.13 |
| | | | | | | | | | | | |
| **Server for Dialer** | 40.00% | 3.35 | - | 3.35 | 365 | 1.88 | 1.34 | 3.22 | - | 0.13 | 1.47 |
| | | | | | | | | | | | |
| **Pri Card** | 40.00% | 0.22 | - | 0.22 | 365 | 0.12 | 0.09 | 0.21 | - | 0.01 | 0.10 |
| | | | | | | | | | | | |
| **Furniture & Fixtures** | 18.10% | - | 10.26 | 10.26 | 31 | - | 0.16 | 0.16 | - | 10.10 | - |
| | | | | | | | | | | | |
| **Plant & Machineries** | 13.91% | - | 439.87 | 439.87 | 31 | - | 5.20 | 5.20 | - | 434.67 | - |
| | | | | | | | | | | | |
| **Total** | | **3.81** | **450.12** | **453.94** | | **2.11** | **6.88** | **8.99** | | **444.94** | **1.70** |
| | | | | | | | | | | | |
| Previous Year Figures | | 3.81 | - | 3.81 | | 0.59 | 1.52 | 2.11 | - | 1.70 | 3.22 |

Rs. In Lakhs

| Particulars | RATE OF DEP | GROSS BLOCK | | | | DEPRECIATION | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | AS AT 01.04.2012 | ADDITION DURING THE YEAR | AS AT 31.03.2013 | NO.OF DAYS | AS AT 01.04.2012 | FOR THE YEAR | AS AT 31.03.2013 | AS AT 31.03.2013 | AS AT 31.03.2012 |
| | | | | | | | | | | |
| **Computer** | 40.00% | 0.24 | - | 0.24 | 365 | 0.02 | 0.10 | 0.12 | 0.13 | 0.22 |
| **Server for Dialer** | 40.00% | 3.35 | - | 3.35 | 365 | 0.54 | 1.34 | 1.88 | 1.47 | 2.81 |
| **Pri Card** | 40.00% | 0.22 | - | 0.22 | 365 | 0.03 | 0.09 | 0.12 | 0.10 | 0.19 |
| **Total** | | **3.81** | **-** | **3.81** | | **0.59** | **1.52** | **2.11** | **1.70** | **3.22** |
| Previous Year | | 0.00 | 3.81 | 3.81 | | 0.00 | 0.59 | 0.59 | 3.22 | 0.00 |

Rs. In Lakhs

| Particulars | RATE OF DEP | GROSS BLOCK | | | | DEPRECIATION | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | AS AT 01.04.2011 | ADDITION DURING THE YEAR | AS AT 31.03.2012 | NO.OF DAYS | AS AT 01.04.2011 | FOR THE YEAR | AS AT 31.03.2012 | AS AT 31.03.2012 | AS AT 31.03.2011 |
| **Computer** | 40.00% | 0.00 | 0.24 | 0.24 | 80 | 0.00 | 0.02 | 0.02 | 0.22 | 0.00 |
| **Server for Dialer** | 40.00% | 0.00 | 3.35 | 3.35 | 147 | 0.00 | 0.54 | 0.54 | 2.81 | 0.00 |
| **Pri Card** | 40.00% | 0.00 | 0.22 | 0.22 | 121 | 0.00 | 0.03 | 0.03 | 0.19 | 0.00 |
| **Total** | | **0.00** | **3.81** | **3.81** | | **0.00** | **0.59** | **0.59** | **3.22** | **0.00** |

## NOTE 10 - STATEMENT OF LONG TERM LOANS AND ADVANCES

**Rs in Lakhs**

| Particulars | For the Year Ended March 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| (Unsecured considered good unless otherwise stated) | | | | | |
| **Security deposits** | | | | | |
| Deposit with wbsedcl | 4.22 | 4.22 | 4.22 | - | - |
| Vat security deposit | 0.25 | 0.25 | - | - | - |
| Deposit with anup/aniruddh fatehpuria for factory premises | 6.44 | 6.44 | 6.44 | 6.44 | - |
| Deposit with wbsedcl | **10.91** | **10.91** | **10.66** | **6.44** | - |
| **Total** | 4.22 | 4.22 | 4.22 | - | - |

## NOTE 11 - STATEMENT OF OTHER NON-CURRENT ASSETS

**Rs in Lakhs**

| Particulars | For the Year Ended March 31 | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **Pre operating expenditure** To the extent not written off or adjusted) | - | - | - | - | - |
| Income from operation | - | - | - | (4.21) | - |
| Other income | - | - | - | (0.14) | - |
| Cost of operation | - | - | - | 30.13 | - |
| Employees benefit expense | - | - | - | 7.21 | - |
| Financial cost | | | | 21.82 | |
| Other expenses | | | | 10.41 | |
| Total | | | | **65.21** | |
| Less: capitalised during the year | | | | 65.21 | |
| | | | | | |
| **PRELIMINARY EXPENSES** | | | | | |
| OPENING BALANCE/ADDITION | | | | | 0.13 |
| LESS: WRITTEN OFF DURING THE YEAR | | | | | 0.13 |

## NOTE 12 - STATEMENT OF CURRENT INVESTMENTS

**Rs in Lakhs**

| Particulars | As at March 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
| **Current Assets** | | | | | | | | | | |
| **Current Investments** | | | | | | | | | | |
| | | | | | | | | | | |
| **Valued at cost** | **No. of Shares** | **Amount in Lac** | **No. of Shares** | **Amount in Lac** | **No. of Shares** | **Amount in Lac** | **No. of Shares** | **Amount in Lac** | **No. of Shares** | **Amount in Lac** |
| **QUOTED** | - | - | - | - | - | - | - | - | - | - |
| **UNQUOTED** | | | | | | | | | | |
| Apsara Selection Pvt Ltd | - | - | 50,000 | 5.00 | 50,000 | 5.00 | 50,000 | 5.00 | 50,000 | 5.00 |
| Ambuja Technologies Pvt Ltd | - | - | 13,000 | 1.30 | 13,000 | 1.30 | 13,000 | 1.30 | 13,000 | 1.30 |
| Sankhu Entertainment & Production Pvt Ltd | - | - | 10,750 | 10.75 | 10,750 | 10.75 | 10,750 | 10.75 | 10,750 | 10.75 |
| Sankhu Merchandise Pvt Ltd | - | - | 50,000 | 5.00 | 50,000 | 5.00 | 50,000 | 5.00 | 50,000 | 5.00 |
| Butterfly Commotrade Pvt Ltd | - | - | - | - | - | - | - | - | 800 | 8.00 |
| Concord Dealtrade Pvt Ltd | - | - | - | - | - | - | - | - | 3,500 | 35.00 |
| Gretex Corporate Services Pvt Ltd | - | - | - | - | - | - | 8,000 | 6.60 | 6,000 | 0.60 |
| Sherwood Securities Pvt Ltd | 230,000 | 69.00 | - | - | - | - | 230,000 | 82.50 | 5,000 | 15.00 |
| Vedant Commodeal Pvt Ltd | - | - | - | - | - | - | 500 | 0.50 | 500 | 0.50 |
| **Total** | **230,000** | **69.00** | **123,750** | **22.05** | **123,750** | **22.05** | **362,250** | **111.65** | **139,550** | **81.15** |
| **Aggregate value of Quoted Investment** | | - | | - | | - | | - | | - |
| **Aggregate value of Unquoted Investment** | | 69.00 | | 22.05 | | 22.05 | | 111.65 | | 81.15 |

## NOTE 13 - STATEMENT OF INVENTORIES

**Rs in Lakhs**

| Particulars | As at March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **Inventories:** | | | | | |
| (As taken,valued & certified by the management) | | | | | |
| Finished goods (at cost) | 32.97 | 63.21 | - | - | - |
| Spare parts (at cost) | 5.00 | 5.00 | 5.00 | - | - |
| **Total** | **37.97** | **68.21** | **5.00** | - | - |

## NOTE 14 - STATEMENT OF TRADE RECEIVABLES

**Rs in Lakhs**

| Particulars | As at March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **Trade receivables:** | | | | | |
| (Unsecured considered good unless otherwise stated) | | | | | |
| Debts outstanding for a period exceeding | | | | | |
| Six months from the date they are due | - | - | - | - | - |
| Debts outstanding for a period less than six months from the date they are due | 128.11 | 120.39 | 3.71 | - | - |
| | **128.11** | **120.39** | **3.71** | - | - |

## NOTE 15 - STATEMENT OF CASH & CASH EQUIVALENTS

**Rs in Lakhs**

| Particulars | As at March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **Cash & cash equivalents :** | | | | | |
| **Balance with banks** | | | | | |
| In fixed deposits | | | | | |
| Fixed deposit with bank | 18.57 | 16.36 | 15.26 | - | - |
| In current accounts: | | | | | |
| United bank of india - saltlake branch, current account | 0.35 | 0.33 | 13.53 | - | - |

| | | | | | |
|---|---|---|---|---|---|
| United bank of india - saltlake branch, share application account | 0.01 | - | - | - | - |
| Hdfc bank | - | - | - | 1.50 | 1.88 |
| Tamilnad merchantile bank (kolkata Br) - overdraft account | - | 0.31 | 0.09 | - | - |
| **CASH IN HAND** | 6.74 | 2.35 | 7.47 | 1.97 | 8.38 |
| **Total** | **25.67** | **19.36** | **36.34** | **3.48** | **10.26** |

**NOTE 16- STATEMENT OF SHORT TERM LOANS & ADVANCES**

**Rs in Lakhs**

| Particulars | As at March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| (Unsecured Considered Good Unless Otherwise Stated) | | | | | |
| **Advances recoverable in cash or in kind for the value** | | | | | |
| **To be received** | | | | | |
| To director | - | - | 0.24 | 0.20 | 0.60 |
| To others | 1.39 | 1.48 | 11.89 | 98.31 | 24.11 |
| To promoters, group companies, associates, subsidiaries | 0.20 | 0.02 | 5.02 | 0.10 | - |
| **Recievable from revenue authorities** | | | | | |
| Vat input | 1.01 | 0.01 | - | - | - |
| Tax deducted at sources | 0.16 | 0.16 | 0.16 | 0.07 | 0.05 |
| Service tax input | 2.01 | 1.79 | 1.66 | - | - |
| **Mat credit entitlement account** | 14.66 | 8.81 | 0.87 | - | 0.09 |
| Total | **19.42** | **12.27** | **19.85** | **98.67** | **24.86** |

**NOTE 17- STATEMENT OF OTHER CURRENT ASSETS**

**Rs in Lakhs**

| Particulars | As at March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **OTHER CURRENT ASSETS:** | | | | | |
| Other receivables | | 11.68 | - | - | - |
| Total | | **11.68** | - | - | - |

## NOTE 18- STATEMENT OF REVENUE FROM OPERATIONS

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **REVENUE FROM OPERATIONS** | | | | | |
| Revenue from operations | | | | | |
| Service charges received | - | - | - | - | 7.20 |
| Compensation received | - | - | - | 10.00 | - |
| Job work charges received | 21.75 | 30.02 | 8.04 | - | - |
| Commission income | - | 7.50 | - | - | - |
| SALES | | | | | |
| Sale of Manufactured goods (thermal wear, leggings & fabrics) | 350.18 | 351.06 | - | - | - |
| Sale of traded goods | - | - | - | - | - |
| Sale of services | - | - | - | - | - |
| Less : pre-operative income capitalized | - | - | (4.21) | - | - |
| Net revenue from operations | **371.93** | **388.58** | **3.83** | **10.00** | **7.20** |

## NOTE 19- STATEMENT OF OTHER INCOME:

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Other income | 3.79 | 15.71 | 18.51 | 1.60 | 2.43 |
| | | | | | |
| Net Profit Before Tax as Restated | 46.83 | 41.62 | 4.59 | 0.45 | 0.47 |
| | | | | | |
| Percentage (%) | **8.09** | **37.75** | **403.27** | **355.56** | **517.02** |

**Source of Income**

| Particulars | For the Year ended March 31, | | | | | Nature |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2014* | 2013 | 2012 | |
| Sale of Scrap | 2.47 | 0.79 | - | - | - | Recurring and related to business activity. |
| Interest on TDS | 0.03 | 0.01 | - | - | 0.01 | Recurring and not related to business activity. |
| Interest on Fixed Deposit | 1.29 | 1.23 | 1.09 | - | - | Recurring and not related to business activity. |
| Commodity Profit | - | 11.68 | - | - | - | Non recurring and not related to business activity. |
| Compensation Received (Net) | - | 2.00 | - | - | - | Non recurring and not related to business activity. |
| Interest on Loan | - | - | 0.17 | 1.60 | 0.61 | Non recurring and not related to business |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | activity. |
| Profit on Sale of Investments | - | - | 17.40 | - | - | Non recurring and not related to business activity. |
| Profit on Sale of Office | - | - | - | - | 1.81 | Non recurring and not related to business activity. |
| Total Other income | **3.79** | **15.71** | **18.65** | **1.60** | **2.43** | |

* Pre-operative income of Rs. 0.14 lakhs in FY 2013-14 has been capitalised as Plant & Machinery

**NOTE 20- STATEMENT OF COST OF OPERATIONS:**

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **COST OF OPERATIONS:** | | | | | |
| Purchases | 156.92 | 270.54 | - | - | - |
| Power & fuel | 12.77 | 21.99 | 12.41 | - | - |
| Repairs & maintenance | 12.21 | 19.94 | 5.22 | - | - |
| Consumable stores | 12.47 | 7.51 | 1.69 | - | - |
| Factory rent | 9.65 | 12.87 | 13.94 | - | - |
| Tools & equipment | 0.14 | 0.14 | 0.78 | - | - |
| Wastage | - | - | 0.14 | - | - |
| Dyeing charges | 2.19 | 0.01 | - | - | - |
| Knitting charges | 1.63 | 0.13 | - | - | - |
| Freight charges | 1.47 | 2.58 | - | - | - |
| Heating & raising charges | 0.47 | - | - | - | - |
| Total | **209.92** | **335.72** | **34.18** | - | - |
| Less : pre-operative expenses capitalized | - | - | (30.13) | - | - |
| **TOTAL** | **209.92** | **335.72** | **4.05** | - | - |

**NOTE 21- STATEMENT OF EMPLOYEE BENEFITS EXPENSES:**

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **EMPLOYEE BENEFITS EXPENSES** | | | | | |
| Factory salary and wages | | | | | |
| Salaries & bonus | 14.42 | 11.42 | 3.99 | 0.78 | 0.48 |
| Staffwelfare expenses | 0.34 | 0.17 | 0.15 | - | - |
| Directors remuneration | 3.60 | 4.00 | 3.60 | 2.64 | 2.64 |
| Total | **18.37** | **15.59** | **7.74** | **3.42** | **3.12** |
| Less : pre-operative expenses capitalised | - | - | (7.21) | - | - |
| **TOTAL** | **18.37** | **15.59** | **0.53** | **3.42** | **3.12** |

**NOTE 22- STATEMENT OF FINANCIAL COSTS:**

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **FINANCIAL COSTS:** | | | | | |
| Interest expense | | | | | |
| Bank charges | 0.68 | 0.50 | 4.40 | 0.00 | 0.00 |
| Interest paid | | | | - | - |
| - Interest on loan | 2.56 | 2.66 | 5.55 | 2.11 | - |
| Interest on UBI term loan | 23.20 | 24.13 | 16.65 | - | - |
| **Less :** revenue subsidy received for Q2, Q3, Q4 - F.Y. 2013 - 2014 @ 5% is under technology Upgradation fund scheme for textile & jute industries(RR TUFS scheme) | (12.02) | (6.26) | - | - | - |
| - Interest on term loan deducting subsidy | 11.17 | 17.88 | | | |
| - Interest on bank od | 3.34 | 2.32 | 0.00 | - | - |
| - Interest on car loan | 2.38 | 2.15 | 0.00 | - | - |
| - Interest on generator loan | 0.32 | 0.65 | 0.14 | - | - |
| Loan processing fees | - | - | 0.09 | - | - |
| Total | **20.46** | **26.17** | **26.83** | **2.11** | **0.00** |
| Less : pre-operative expenses capitalized | - | - | (21.82) | - | - |
| | **20.46** | **26.17** | **5.01** | **2.11** | **0.00** |

**NOTE 23- STATEMENT OF DEPRECIATION AND AMORTZATION EXPENSE:**

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **DEPRECIATION AND AMORTZATION EXPENSE:** | | | | | |
| Depreciation | 35.89 | 34.43 | 6.88 | 1.52 | 0.59 |
| Preliminary expenses written off | - | - | - | - | 0.13 |
| **TOTAL** | **35.89** | **34.43** | **6.88** | **1.52** | **0.72** |

**NOTE 24- STATEMENT OF OTHER EXPENSES:**

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| **OTHER EXPENSES:** | | | | | |
| Repairs & maintenance | - | - | - | 0.10 | 0.09 |
| Insurance | - | - | - | 1.52 | 0.02 |
| Car rent | - | - | - | - | 2.40 |
| Computer rent | - | - | - | - | 0.30 |
| Consultancy charges | - | - | - | - | 0.30 |
| License expenses | - | - | - | 0.06 | - |
| Advertisement | 0.31 | 0.16 | - | - | 0.07 |
| Discount allowed | 0.89 | 0.02 | - | - | - |
| Donation | 0.05 | 0.01 | 0.01 | - | - |
| Payment to auditor | 0.15 | 0.10 | 0.05 | 0.05 | 0.05 |

| | | | | | |
|---|---|---|---|---|---|
| Insurance expenses | 0.95 | 3.87 | 1.32 | - | - |
| Filing fees | 3.77 | 0.05 | 0.15 | 0.04 | 0.03 |
| General expenses | 1.52 | 1.10 | 0.60 | 0.30 | 0.12 |
| Listing fees | - | - | 0.46 | - | - |
| Professional charges | 0.51 | 1.02 | 0.86 | - | - |
| Printing & stationary | 0.16 | 0.02 | - | 0.04 | 0.04 |
| Commission paid | 0.00 | - | 3.31 | 1.21 | - |
| Computer expenses | 0.03 | 1.23 | - | 0.06 | - |
| Interest & penalty on statutory dues | 0.05 | 0.01 | - | - | - |
| Legal & license expenses | 1.02 | 1.99 | 1.29 | - | - |
| Telephone expenses | 1.01 | 0.51 | 0.21 | 0.18 | 0.21 |
| Travelling & conveyance | 0.73 | 0.75 | 0.43 | 0.54 | 1.69 |
| Packing & forwarding | 0.32 | 0.69 | - | - | - |
| Car expenses | 2.36 | 2.43 | 3.00 | - | - |
| Taxes paid | 0.03 | - | - | - | - |
| RTA fees | 0.16 | - | - | - | - |
| Total | **14.01** | **13.97** | **11.69** | **4.10** | **5.32** |
| Less : pre-operative expenses capitalized | - | - | (10.41) | - | - |
| **TOTAL** | **14.01** | **13.97** | **1.28** | **4.10** | **5.32** |

**NOTE 25 STATEMENT OF SIGNIFICANT ACCOUNTING RATIOS AS RESTATED**

**Rs. in lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Restated PAT as per P& L Account | 31.22 | 27.71 | 3.38 | 0.31 | 0.33 |
| Weighted Average Number of Equity Shares at the end of the Year | 2,893,305 | 63,400 | 49,805 | 37,500 | 37,500 |
| Weighted Average Number of Equity Shares at the end of the Year after considering the effect of Bonus | 2,893,305 | 2,155,600 | 2,142,005 | 2,129,700 | 2,129,700 |
| No. of shares outstanding at the end of the year | 3,155,600 | 63,400 | 63,400 | 37,500 | 37,500 |
| Number of Equity Shares at the end of the Year after considering the effect of Bonus | 3,155,600 | 2,155,600 | 2,155,600 | 2,129,700 | 2,129,700 |
| Net Worth | 376.86 | 235.64 | 204.54 | 119.32 | 119.01 |
| | | | | | |
| Earnings Per Share | | | | | |
| Basic & Diluted (Rs.) | 1.08 | 43.71 | 6.79 | 0.82 | 0.87 |
| Basic & Diluted (Rs.) after considering the effect of Bonus | 1.08 | 1.29 | 0.16 | 0.01 | 0.02 |
| Return on Net Worth (%) | 8.28% | 11.76% | 1.65% | 0.26% | 0.27% |
| Net Asset Value Per Share (Rs.) | 11.94 | 371.67 | 322.63 | 318.19 | 317.37 |
| Net Asset Value Per Share after bonus (Rs.) | 11.94 | 10.93 | 9.49 | 5.60 | 5.59 |
| Nominal Value per Equity | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

| | | | | | |
|---|---|---|---|---|---|
| share (Rs.) | | | | | |

**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.) =** Restated Net Worth of Equity Shareholders / Number of Equity Shares outstanding at the end of the year

## NOTE 26 :STATEMENT OF CAPITALISATION

**Rs. In lakhs**

| Particulars | Pre Issue | Post Issue |
|---|---|---|
| **Borrowings** | | |
| Short term debt (A) | 154.29 | [●] |
| Long Term Debt (B) | 116.97 | [●] |
| **Total debts (C)** | **271.26** | [●] |
| | | |
| **Shareholders' funds** | | |
| | | |
| Equity share capital | 315.56 | [●] |
| Reserve and surplus - as restated | 61.30 | [●] |
| | | |
| **Total shareholders' funds** | **376.86** | [●] |
| | | |
| **Long term debt / shareholders funds** | 0.31 | [●] |
| **Total debt / shareholders funds** | 0.72 | [●] |

Notes: Short term debt includes current maturities of long term debt

## NOTE 27: STATEMENT OF TAX SHELTERS

**Rs. In lakhs**

| Particulars | For the Year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Restated Profit before tax as per books (A) | 46.83 | 41.62 | 4.59 | 0.45 | 0.47 |
| Tax Rates | | | | | |
| Income Tax Rate (%) | 30.90% | 30.90% | 30.90% | 30.90% | 30.90% |
| Minimum Alternate Tax Rate (%) | 19.06% | 19.06% | 19.06% | 19.06% | 19.06% |
| Short Term Capital Gain Rate (%) | 15.45% | 15.45% | 15.45% | 15.45% | 15.45% |
| Adjustments : | | | | | |
| Income considered separately | (1.32) | (3.24) | (17.40) | - | - |
| Total Income considered separately (B) | (1.32) | (3.24) | (17.40) | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Timing Differences (C) | | | | | |
| Book Depreciation | 35.89 | 34.43 | 6.88 | 1.52 | 0.59 |
| Income Tax Depreciation Allowance | 60.50 | 68.67 | 34.14 | 1.60 | 1.14 |
| Effects of Other Allowance/Disallowance | - | - | (0.04) | (0.04) | 0.09 |
| Total Timing Differences (C) | (24.61) | (34.23) | (27.31) | (0.12) | (0.47) |
| Net Adjustments D = (B+C) | (25.93) | (37.47) | (44.71) | (0.12) | (0.47) |
| Tax expense / (saving) thereon | (8.01) | (11.58) | (13.82) | (0.04) | (0.14) |
| Income from Capital Gains (E) | - | - | 16.73 | - | - |
| Income from Other Sources | | | | | |
| Interest Income | 1.32 | 3.24 | - | - | - |
| Total Income from Other Sources (F) | 1.32 | 3.24 | - | - | - |
| Unabsorbed Depreciation/ Business Loss of P.Y. Brought Forward & Adjusted (G) | (15.98) | (7.41) | - | - | - |
| Expenses disallowed/ Other Disallowances under the Income Tax Act (H) | 3.69 | 0.02 | - | - | - |
| Taxable Income/(Loss) (A+D+E+F+G+H) | 9.93 | - | (23.39) | 0.32 | 0.01 |
| Income Tax on above | 3.07 | - | - | 0.10 | - |
| MAT on Book Profit | 8.92 | 7.93 | 0.87 | 0.08 | 0.09 |
| Tax paid as per normal or MAT | MAT | MAT | MAT | Normal | MAT |

**RECONCILIATION OF RESTATED PROFIT**

**Rs. In lakhs**

| Adjustments for | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|---|---|---|---|---|---|
| Net profit/(Loss) after Tax as per Audited Profit & Loss Account | 24.29 | 24.24 | (16.12) | 0.42 | 0.28 |
| **Adjustments for:** | | | | | |
| Adjustment on account of Amortization of Preliminary & Preoperative Expenses written off | 13.04 | 13.04 | 13.09 | 0.04 | (0.09) |
| Changes in depreciation | (4.34) | (4.34) | (1.52) | (0.24) | 0.00 |
| Deferred Tax Liability / Asset Adjustment | (5.97) | (5.93) | 7.93 | 0.06 | 0.03 |
| Taxes adjusted in Current period | (1.66) | (7.23) | (0.87) | 0.02 | 0.02 |
| MAT credit entitlement | 5.85 | 7.93 | 0.87 | 0.00 | 0.09 |
| **Net Profit/ (Loss) After Tax as Restated** | **31.22** | **27.71** | **3.38** | **0.31** | **0.33** |

**Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years/ period.**

**Adjustments having impact on Profit**

- Preliminary expenses have been considered as written off in the earliest reporting period being March 31, 2012.

- Pre-operative expenses incurred have been capitalised as Plant & machinery instead of being amortised over 5 years.
- Depreciation for period upto March 31, 2014 has been recalculated in accordance with SLM method. Further there is change in depreciation due to capitalisation of pre-operative expenses as well
- There is change in deferred tax (liability)/ asset as per audited financial statements and as per restated statements as the deferred tax is recalculated on account of changes in depreciation and expense disallowed under IT Act, 1961. Further deferred tax has also been considered on unabsorbed depreciation as per Income Tax Act, 1961.
- Income tax has been adjusted based on restated profits and as per return of income filed for respective years.
- MAT credit entitlement has also been recognised in restated financial statements

**Adjustments having no impact on Profit:**

**Material Regrouping**

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the SEBI (ICDR) Regulations, 2009.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements for the financial years ended March 31, 2016, 2015and 2014 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled *"Financial Statements as Restated "* on page 199 of this Draft Red Herring Prospectus.

Indian GAAP differs in certain material aspects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and SEBI ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in *"Risk Factors"* and *"Forward-Looking Statements"* on pages 20 and 19, of this Draft Red Herring Prospectus beginning respectively.

Our Company was incorporated on July 16, 2009 and has completed more than Six years since incorporation. The Management's Discussion and Analysis of Financial Condition and Results of Operations, reflects the analysis and discussion of our financial condition and results of operations for the financial years ended March 31, 2016, 2015 and 2014 respectively.

### OVERVIEW

Our Company was originally incorporated *vide* Certificate of Incorporation dated July 16, 2009 as 'Heritage Barter Private Limited' under the provisions of the Companies Act, 1956 with the Registrar of Companies, West Bengal bearing Corporate Identification Number U51909WB2009PTC136911. Subsequently, the name of our Company was changed to 'Gretex Industries Private Limited' *vide* special resolution passed by the shareholders of our Company in their meeting held on [•] and fresh Certificate of Incorporation consequent upon change of name issued by the Registrar of Companies, West Bengal on February 7, 2013. Our Company was converted into a Public Limited Company pursuant to a special resolution passed by shareholders of our Company at their meeting held on October 21, 2013 and the name of our Company was changed to 'Gretex Industries Limited'. A fresh Certificate of Incorporation was issued by the Registrar of Companies, West Bengal on November 20, 2013. The Corporate Identity Number of our Company is U17296WB2009PLC136911.

Our promoters purchased the shares of the Company in 2010 and began to trade in fabric and hosiery garments. We stared commercial production in the year 2014 and started taking job work assignments for knitting for Rupa and gradually for other brands. During the year 2014, we started production under our Lekme' brand besides undertaking job work assignments.

Our manufacturing facility is situated at Jalan Industrial Complex in Domjur Area in the district of Howrah, which is one of the oldest Industrial Complex nearby Kolkata. It is situated on the Kolkata – Mumbai Highway and is at a distance of 15 Km from Howrah. Road connectivity, quality roads, ample power supply, labour availability from local area, easy transport facility etc. are the benefits we enjoy.

Our promoters Arvind Harlalka and Sumit Harlalka have experience of more than 5 years in this industry. They have played an instrumental role in progress of our Company

## SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

1. Borrowing Powers of Board of Directors was increased to empower Board to borrow amount upto Rs. 1,000 lakhs vide a Special Resolution passed in the Extraordinary General Meeting of the members held on **[●]**.
2. Our Company designated Sumit Harlalka as Non-Executive Director, as on June 16. 2016.
3. The Board of Director appointed Soma Nath and Rahul Kumar as additional Independent Director of our Company in Board of Directors Meeting held on June 16, 2016.
4. Our Company appointed Kritika Rupda as Chief Financial Officer of our Company in the Board of Director meeting held on June 01, 2016.
5. Our Company appointed Sweta Harlalka as Company Secretary and Compliance officer of the Company in the Board of Director meeting held on June 16, 2016.

## SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled "*Risk Factors*" beginning on page 20 of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Limited operating history
- fluctuations in the prices of cotton, lycra and polyester yarns material
- Risk of duplication of our product
- Development of textile sector
- Technological changes
- Rate of Interest policies

## DISCUSSION ON RESULT OF OPERATION

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the financial years ended March 31 2016, 2015 and 2014.

### OVERVIEW OF REVENUE & EXPENDITURE

**Revenues**

***Income from operations:***

Our principal component of income is from manufacturing of Thermal ware, Leggings & Fabrics and Job work Charges to some extent.

***Other Income:***

Our other income consists mainly of Interest on Fixed Deposits.

**Rs. In Lakhs**

| Particulars | Till March 31, | | |
|---|---|---|---|
| | 2016 | 2015 | 2014 |
| **Income** | | | |
| Revenue from Operations | 371.93 | 388.58 | 3.83 |
| Variance | 4.28% | 10045.69% | 61.70% |
| As a % of Total Revenue | 17.41% | 96.18% | 99.76% |
| Other Income | 3.79 | 15.71 | 18.51 |

| | | | |
|---|---|---|---|
| Variance | 75.88% | 15.13% | 1056.88 |
| As a % of Total Revenue | 1.01% | 3.89% | 84.14% |
| **Total Revenue** | **376.00** | **404.00** | **22.00** |
| **Variance** | 6.93% | 1736.36% | 120.00% |

**EXPENDITURE**

Our total expenditure primarily consists of Cost of Operation, Changes in inventories, Employee Benefit Expense, Finance Costs, Depreciation and Other Expenses.

***Direct Expenditure***

Our direct expenditure includes Cost of Operation, changes in inventories of finished goods, stock in trade and Work In Progress.

***Employee Benefit Expense***

It includes salaries and Bonus, Staff welfare expenses & Director Remuneration

***Change in Inventories***

Change in inventories includes change in inventories of finished goods, work in progress and Stock – in - Trade.

***Financial Cost***

Our financial cost majorly includes interest expenses on Term Loan and Bank over Draft.

***Depreciation***

Depreciation includes depreciation of tangible assets majorly on plant and machineries.

***Other Expenses***

Other expenses includes Advertisement Expense, Discount Allowed, Donation, Payment to Auditors, Insurance expenses, filing expenses, General expenses, Professional Charges, Printing & Stationary, Commission Paid, Computer Expenses, Interest & Penalty on Statutory Dues, Legal & Licence Expenses, Telephone expenses, Travelling & Conveyance, Packing & Forwarding, Car Expenses, Tax Paid, RTA Fees, etc.

***Statement of profits and loss***

The following table sets forth, for the fiscal years indicated, certain items derived from our Company's audited restated financial statements, in each case stated in absolute terms and as a percentage of total sales and/or total revenue:

**Rs. In Lakhs**

| Particulars | 2014 | 2015 | 2016 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from Operations | 3.83 | 388.58 | 371.93 |
| **Variance** | -61.70% | 10045.69% | -4.28% |
| **% of Total Income** | 17.41% | 96.18% | 98.92% |
| Other Income | 18.51 | 15.71 | 3.79 |
| **Variance** | 1056.88% | -15.13% | -75.88% |
| **% of Total Income** | 84.14% | 3.89% | 1.01% |

| Particulars | 2014 | 2015 | 2016 |
|---|---|---|---|
| Total Income (A) | **22.00** | **404.00** | **376.00** |
| **Variance** | 120.00% | 1736.36% | -6.93% |
| **EXPENDITURE** | | | |
| **Cost of Operation** | 4.05 | 335.72 | 209.92 |
| % of Total Income | 18.41% | 83.10% | 55.83% |
| Variance | #DIV/0! | 8189.38% | -37.47% |
| **Changes in inventories of finished goods, traded goods and work-in-progress** | 0.00 | -63.21 | 30.24 |
| % of Total Income | 0.00% | -15.65% | 8.04% |
| Variance | - | - | |
| **Employee benefit expenses** | 0.53 | 15.59 | 18.37 |
| % of Total Income | 2.41% | 3.86% | 4.89% |
| Variance | -84.50% | 2841.51% | 17.83% |
| **Finance costs** | 5.01 | 26.17 | 20.46 |
| % of Total Income | 22.77% | 6.48% | 5.44% |
| Variance | 137.44% | 422.36% | -21.82% |
| **Depreciation and amortisation expense** | 6.88 | 34.43 | 35.89 |
| % of Total Income | 31.27% | 8.52% | 9.55% |
| Variance | 352.63% | 400.44% | 4.24% |
| **Other Expenses** | 1.28 | 13.97 | 14.01 |
| % of Total Income | 5.82% | 3.46% | 3.73% |
| Variance | -68.78% | 991.41% | 0.29% |
| **Other Expenses** | 0.00 | 0.00 | 0 |
| % of Total Income | 0.00% | 0.00% | 0.00% |
| Variance | - | - | - |
| **Total Expenses (B)** | **17.75** | **362.67** | **328.89** |
| % of Total Income | 80.68% | 89.77% | 87.47% |
| Variance | 59.05% | 1943.21% | -9.31% |
| **Profit before exceptional** | **5.00** | **42.00** | **47.00** |
| **Less - Exceptional Items** | **0.00** | **0.00** | **0.00** |
| % of Total Income | 0.00% | 0.00% | 0.00% |
| Variance | - | - | - |
| **Profit before extraordinary items and tax** | **5.00** | **42.00** | **47.00** |
| % of Total Income | 22.73% | 10.40% | 12.50% |
| Variance | - | - | - |
| **Profit before tax** | **5.00** | **42.00** | **47.00** |
| % of Total Income | 22.73% | 10.40% | 12.50% |
| Variance | - | 740.00% | 11.90% |
| Tax expense : | - | - | - |

| Particulars | 2014 | 2015 | 2016 |
|---|---|---|---|
| **(i) Current tax** | 0.87 | 7.93 | 8.92 |
| % of Total Income | 3.95% | 1.96% | 2.37% |
| Variance | 770.00% | 811.49% | 12.48% |
| **(ii) Deferred tax (Asset)/Liability** | 1.21 | 13.91 | 12.54 |
| % of Total Income | 5.50% | 3.44% | 3.34% |
| Variance | 2925.00% | 1049.59% | -9.85% |
| **(iii) Income Tax for earlier years** | **0.00** | **0.00** | **0.00** |
| % of Total Income | 0.00% | 0.00% | 0.00% |
| Variance | - | - | - |
| **(iv) MAT Credit** | **0.87** | **0.00** | **-11.40** |
| % of Total Income | 3.95% | 0.00% | -2.82% |
| Variance | 0.00 | 0.00 | 0.00 |
| **Total Tax Expense** | **1.21** | **21.85** | **10.06** |
| % of Total Income | 5.50% | 5.41% | 2.68% |
| Variance | 764.29% | 1705.79% | -53.96% |
| **Profit for the year** | **3.38** | **19.78** | **36.76** |
| % of Total Income | 15.36% | 4.90% | 9.78% |
| Variance | 990.32% | 485.21% | 85.84% |

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2016 WITH FINANCIAL YEAR ENDED MARCH 31, 2015

**INCOME**

**Revenue from Operations**

**Rs. In Lakhs**

| Particulars | 2014-15 | 2015-16 | Variance |
|---|---|---|---|
| Operating Income | 388.58 | 371.93 | 4.28 |

The operating income of the Company for the financial year 2014-2015 was Rs. 388.58 Lakhs as compared to Rs. 371.93 lakhs for the financial year 2015-2016; showing an decreased of 4.28 %. The decrease was due to decrease in revenue from job work activities and commission income.

**Other Income**

Other Income of the Company for the financial year 2014-15 was Rs. 15.71 lakhs which decreased to Rs. 3.79 lakhs during the financial year 2015-16. The decrease in other income was because company has not carried out any trading in commodities.

**DIRECT EXPENDITURE**

**Rs. In Lakhs**

| Particulars | 2014-15 | 2015-16 | Variance |
|---|---|---|---|
| Cost of operation | 335.72 | 209.92 | 37.47% |
| Changes in inventories of finished goods, traded goods and work in progress | (63.21) | 30.24 | 147.84% |

The Cost of operation decreased from Rs. 335.72 lakhs in financial year 2014-15 to Rs. 209.92 lakhs in financial year 2015-16 showing an decreased of 37.47% over the previous year. The decreased was majorly due to cost savings on purchase of raw material.

**EMPLOYEE COSTS**

**Rs. In Lakhs**

| Particulars | 2014-15 | 2015-16 | Variance |
|---|---|---|---|
| Employee Benefit Expenses | 15.59 | 18.37 | 17.83% |

Employee Benefit Expenses in financial year 2015-16 have increased by 17.83% to Rs. 18.37 lakhs as against Rs. 15.59 lakhs in financial year 2014-2015.

**FINANCE COSTS**

The finance costs for the Financial Year 2015-16 decreased from Rs. 26.17 lakhs in the financial year 2014-15 to Rs. 20.46 was due to receipt of Interest Subsidy.

**DEPRECIATION**

Depreciation for the year financial year 2015-16 has increased to Rs. 35.89 lakhs as compared to Rs. 34.43 lakhs for the financial year 2014-15 was due to additional depreciation on purchase of new plant and machineries.

**PROFIT BEFORE TAX**

*Amount* (*Rs. In Lakhs*)

| Particulars | 2014-15 | 2015-16 | Variance |
|---|---|---|---|
| Profit Before Tax | 42.00 | 47.00 | 12.50% |

The Profit before Tax has increased from Rs. 42.00 lakhs to Rs. 47.00 lakhs showing an increase of 11.90%.

**PROVISION FOR TAX AND NET PROFIT**

*Amount* (*Rs. In Lakhs*)

| Particulars | 2014-15 | 2015-16 | Variance |
|---|---|---|---|
| Taxation Expenses | 21.85 | 10.06 | 53.96% |
| Profit after Tax | 19.78 | 36.76 | 85.84% |

Profit after tax increased to Rs. 36.76 lakhs as compared to 19.78 lakhs for the financial year 2014-15.

## COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2015 WITH FINANCIAL YEAR ENDED MARCH 31, 2014

**INCOME**

**Income from Operations**

*Amount* (*Rs. In Lakhs*)

| Particulars | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Operating Income | 3.83 | 388.58 | 4.28% |

The operating income of the Company for financial year 2014-2015 is Rs. 388.58 lakhs as compared to Rs. 3.83 lakhs for the financial year 2013-2014 showing an Increased of 10045.69%. The Increase was due to Increase in revenue from commencement of manufacturing operations and also increase in job work activities and commission income.

**Other Income**

Our other income decreased by 15.13% from Rs. 18.51 lakhs in Financial Year 2013-2014 to Rs. 15.71 lakhs in Financial Year 2014-2015. In previous year the income was higher due to sale of investments.

**DIRECT EXPENDITURE**

*Amount* (*Rs. In Lakhs*)

| Particulars | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Cost of operation | 4.05 | 335.72 | 8189.38% |
| Changes in Inventories of finished goods, WIP and stock in Trade | 0.00 | (63.21) | 15.65% |

The cost of operation has increased from Rs. 4.05 lakhs in Financial Year 2013-2014 to Rs. 335.72 lakhs in Financial Year 2014-2015 showing a increase of 8189.38% over the previous year. The increase due to purchase of material for manufacturing operations.

**EMPLOYEE COSTS**

*Amount* (*Rs. In Lakhs*)

| Particulars | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Employee Benefit Expenses | 0.53 | 15.59 | 2841.51% |

There is a increase in employee benefit expenses from Rs. 0.53 lakhs to Rs. 15.59 lakhs in financial year 2014-15 was due to increase in employees on commencement of manufacturing operations..

**FINANCE COSTS**

The finance costs for the period Financial Year 2014-2015 have increased to Rs. 26.17 lakhs from Rs. 5.01 lakhs in Financial Year 2013-14 due to increase in interest expenses.

**DEPRECIATION**

Depreciation expenses for the Financial Year 2014-2015 have increased to Rs. 34.43 lakhs as compared to Rs. 6.88 lakhs for the Financial Year 2013-2014.

**PROFIT BEFORE TAX**

*Amount* (*Rs. In Lakhs*)

| Particulars | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Profit Before Tax | 5.00 | 42.00 | 11.90% |

There was a increase in the profit of Rs.5.00 lakhs in the year 2013-2014 to Rs. 42.00 lakhs in the year 2014-2015 was due to profit from manufacturing operation.

**PROVISION FOR TAX AND NET PROFIT**

*Amount* (*Rs. In Lakhs*)

| Particulars | 2013-2014 | 2014-2015 | Variance |
|---|---|---|---|
| Taxation Expenses | 1.21 | 21.85 | 1705.79% |
| Profit after Tax | 3.38 | 19.78 | 485.21% |

**OTHER MATTERS**

**1. Unusual or infrequent events or transactions**

Except as described in this Draft Red Herring Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

**2. Significant economic changes that materially affected or are likely to affect income from**

**continuing operations**

Other than as described in the section titled *"Risk Factors"* beginning on page 20 of this Draft Red Herring Prospectus to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as disclosed in the section titled *"Risk Factors"* beginning on Page 20 of this Draft Red Herring Prospectus to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**4. Future relationship between Costs and Income**

Our Company's future costs and revenues will be determined by demand/supply situation, government policies and prices of raw materials.

**5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices**

Increase in revenue is by and large linked to increases in volume of business activity by the Company.

**6. Total turnover of each major industry segment in which the issuer company operates.**

The Company is operating in Textile Industry. Relevant industry data, as available, has been included in the chapter titled *"Our Industry"* beginning on page 111 of this Draft Red Herring Prospectus.

**7. Status of any publicly announced new products/projects or business segments**

Our Company has not announced any new projects or business segments, other than disclosed in the Prospectus.

**8. The extent to which the business is seasonal**

Our Company business is not seasonal in nature.

**9. Any significant dependence on a single or few suppliers or customers**

The % of Contribution of our Company's customer and supplier vis a vis the total income and finished goods / traded goods cost respectively as March 31, 2016 is as follows:

For Financial year 2015-16

| Particulars | Customers | Suppliers |
|---|---|---|
| Top 5 (%) | 86.82% | 77.03% |
| Top 10 (%) | 95.72% | 98.69% |

**10. Competitive Conditions**

We face competition from existing and potential unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled *"Our Business"* on page 140 of this Draft Red Herring Prospectus.

## FINANCIAL INDEBTNESS

Our Company utilizes various credit facilities from banks, for conducting its business. Set forth below is a brief summary of our Company's secured borrowings from banks together with a brief description of certain significant terms of such financing arrangements

### SECURED LOANS

1. Loan from United Bank of India as per Sanction Letter dated August 27, 2013

*Amount (Rs. in Lakhs)*

| Nature Of Facility | Term Loan | Cash Credit |
|---|---|---|
| Amount/Limit | 220.00 Lakhs | 27.00 Lakhs |
| Purpose | Term Loan | Working Capital |
| Rate Of Interest | 13.25%p.a (Base Rate + 3 %) | 13.25% p.a. (Base Rate + 3 %) |
| Tenor | 24 Quarterly Installments | 12 Months |
| Margin | 40% on receivable | 25% on stock/spares and other CA |
| Security | Primary<br>Hypothecation Plant & Machinery, all moveable items, currents assets comprising of Book Debts, stores & spares and other current assets.<br>Additional<br>• Flat No 4C, 4th Floor in 6(G+5) storied building named Shivam Tower, Krishnapur, Ghosh para, Bagauti, North 24, Paraganas, Kolkata – 700102 within municipal limit of Rajrhat – Gopalpur municipality, word no 34 in the name of Rajkumari Harlalka, Arvind Harlalka, Alok Harlalka and Sumit Harlalka<br>• Flat No 7B, 3rd Floor in 4(G+3) storied building block named Durgachowk, Municipal Premises No 158, Lenin Sarani, Kolkata – 700013 within the Kolkata Municipal Corporation, Ward No 47, Borough – 16 in the name of M/s Harlalka represented by Karta of HUF | |
| Guarantee | Personal<br>• Arvind Harlalka<br>• Alok Harlalka<br>• Sumit Harlalka<br>Corporate<br>• Ambuja Technologies Private Limited<br>• Gretex Corporate Services Private Limited (Previously known Dynamic Tradeserv Private Limited)<br>• Ambition Tie-up Private Limited | |
| Outstanding as on March 31, 2016 | | |

2. Car Loan facility of Rs. 25.00 lakhs sanctioned by BMW Financial Services vide retail finance agreement dated May 22, 2014

**Rs in Lakhs**

| Facility | Auto Loan |
|---|---|
| Amount | Rs. 25.00 Lakhs |
| Rate of Interest | 10.58% p.a |
| Tenor | 84 months |
| Purpose | Purchase of BMW X1s Drive 2.0d |
| Security | Secured by hypothecation of Car under Hire Purchase |

| Facility | Auto Loan |
|---|---|
| Outstanding amount as on March 31, 2016 | |

## UNSECURED LOANS

1. Loan facility of Rs. 230.00 lakhs sanctioned by Shivom Investment & Consultancy Limited

**Rs in Lakhs**

| Facility | Machinery Loan |
|---|---|
| Amount | Rs. 230.00 Lakhs |
| Rate of Interest | 9.00% |
| Tenor | 12 Months with grace Period 12 Months |
| Purpose | Import of Capital Goods |
| Security | Plant & Machinery Imported |
| Outstanding amount as on March 31, 2016 | 80.74 |

**Rs in Lakhs**

| Lender | Amount |
|---|---|
| Kashiram Jain and Company Limited | 0.13 |

## SECTION VI- LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except, as stated below and mentioned elsewhere in this Draft Prospectus there are no litigations including, but not limited to suits, criminal proceedings, civil proceedings, statutory or legal proceedings, including those for economic offences, tax liabilities, show cause notice or legal notices pending against our Company, Directors, Promoters, and group entities or against any other company whose outcomes could have a material adverse effect on the business, operations or financial position of the Company and there are no proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013)other than unclaimed liabilities of our Company, and (iii) no disciplinary action has been taken by SEBI or any stock exchange against the Company, Directors, Promoters or Group Entities.

Except as disclosed below there are no i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) pending proceedings initiated against our Company for economic offences; (iii) default and non-payment of statutory dues by our Company; (iv) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company and Subsidiaries; or (v) material frauds committed against our Company in the last five years.

Except as stated below there are no Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on August 11, 2016 determined that outstanding dues to creditors in excess of Rs.5 Lakhs as per last audited financial statements shall be considered as material dues ("Material Dues").

Our Board, in its meeting held on August 11, 2016 determined that litigations involving an amount of more than Rs. 5 Lakhs as per last audited financial statements shall be considered as material.

Unless otherwise stated to contrary, the information provided is as of date of this Draft Red Herring Prospectus.

### LITIGATION INVOLVING OUR COMPANY

### LITIGATION AGAINST OUR COMPANY

**Criminal Litigation**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Proceedings against Our Company for economic offence/securities laws/ or any other law**

Nil

**Penalties in Last Five Years**

Nil

**Pending Notice against our Company**

Nil

**Past Notice to our Company**

Nil

**Disciplinary Action taken by SEBI or stock exchanges against Our Company**

Nil

**Defaults including non-payment or statutory dues to banks or financial institutions**

Nil

**Details of material fraud against the Company in last five years and action taken by the Companies.**

Nil

**LITIGATION FILED BY OUR COMPANY**

**Criminal Litigation**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law**

Nil

**LITIGATION INVOLVING DIRECTORS OF OUR COMPANY**

**Litigation against Our Directors**

**Criminal Litigation**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Past Penalties imposed on our Directors**

Nil

**Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law**

Nil

**Directors on list of wilful defaulters of RBI**

Nil

**LITIGATION BY DIRECTORS OF OUR COMPANY**

**Criminal Litigation**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**LITIGATION INVOLVING PROMOTER OF OUR COMPANY**

**OUTSTANDING LITIGATION AGAINST OUR PROMOTERS**

**Criminal Litigation**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

**Ambition Tie Up Private Limited ("Promoter")**

**PROCEEDING FOR AY 2007-08**

A demand of Rs. 1,040/- has been raised under Section 143 (1) against the Promoter dated February 24, 2009. The demand is currently outstanding.

**PROCEEDING FOR AY 2008-09**

A demand of Rs. 2,012/- has been raised under Section 143 (1) against the Promoter dated July 23, 2009. The demand is currently outstanding.

**Past Penalties imposed on our Promoters**

Nil

**Proceedings initiated against our Promoters for Economic Offences/securities laws/ or any other law**

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter in last five years**

Nil

**Penalties in Last Five Years**

Nil

**Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in Past**

Nil

**Adverse finding against Promoter for violation of Securities laws or any other laws**

Nil

**LITIGATION BY OUR PROMOTERS**

**Criminal Litigation**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**LITIGATION INVOLVING OUR GROUP COMPANIES**

**OUTSTANDING LITIGATION AGAINST OUR GROUP COMPANIES**

**Criminal Litigation**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

**M/S GRETEX CORPORATE SERVICES PRIVATE LIMITED ("Assessee Company")**

**PROCEEDINGS FOR AY- 2014-15**

A Scrutiny Notice (Computer Assisted Scrutiny Selection) dated August 28, 2015, under Section 143(2) of the Income Tax Act, 1961 had been issued by Income Tax Officer, Ward 1(1), Kolkata for Assessment Year 2014-15 to the Assessee Company for limited Scrutiny. Through this notice, the Assessing Officer had sought for more information on the return of income filed on November 30, 2014, by M/s Gretex Corporate Services Private Limited. The Scrutiny is in process.

**M/S SHERWOOD SECURITIES PRIVATE LIMITED ("Assessee Company")**

**PROCEEDING FOR AY 2013-14**

A Scrutiny Notice (Computer Assisted Scrutiny Selection "CASS") dated September 2, 2014, under Section 143(2) of the Income Tax Act, 1961 (hereinafter referred to as "the Act") had been issued by Income Tax Officer, Ward 39(3), Kolkata for Assessment Year 2013-14 to the Assessee Company. The Income Tax Officer for Ward 1(3) Kolkata passed an Assessment Order under Section 143 (3) of the Act dated March 26, 2016. The Assessee Company filed its Income Tax Return under Section 139 (1) of the Act on September 30, 2013 showing a loss of Rs. 39,471/-. The case was subsequently transferred due to change in territorial jurisdiction and another Notice under Section 142 (1) dated September 7, 2015 was issued to Assessee Company with specific requisitions. After scrutiny and assessment by the Income Tax Officer, the amount of Disallowable Expense as per Rule 8D read with Section 14A was computed at Rs. 60,000/- plus Rs. 17,300/- (an amount of 0.5% of disallowance on average value of investment of Rs. 34,60,000/-). Thus a total of Rs. 77,300/- was disallowed and was added back to the Loss of Rs. 39,471/-. Subsequent to the passing of Order a demand notice was issued dated March 26, 2016 by the Income Tax Officer under Section 156 of the Act to the Assessee Company demanding a sum payable of Rs. 15,800/-.

**PROCEEDING FOR AY 2014-15**

A Scrutiny Notice (Computer Assisted Scrutiny Selection "CASS") dated August 28, 2015, under Section 143(2) of the Act had been issued by Income Tax Officer, Ward 37(3), Kolkata for Assessment Year 2014-15 to the **Assessee Company**. Through this notice, the Assessing Officer had sought for more information on the return of income filed on November 30, 2014, by the **Assessee Company**. The Income Tax Officer for Ward 1(3) Kolkata passed an Assessment Order under Section 143 (3) of the Act dated July 5, 2016. The Assessee Company filed its Income Tax Return for AY 2014-15 on November 30, 2014 declaring total Income of Rs. 96,890/-. The Income Tax Officer disallowed expenses under Section 14A of Rs. 83,538/- and total Income was then computed at Rs. 1,80,428/- rounded off to Rs. 1,80,430/-. Subsequent to the passing of Order a demand notice was issued dated July 5, 2016 by the Income Tax Officer under Section 156 of the Act to the Assessee Company demanding a sum payable of Rs. 31,930/-.

**PROCEEDINGS FOR AY 2015-16**

A Scrutiny Notice (Computer Assisted Scrutiny Selection) dated April 11, 2016, under Section 143(2) of the Income Tax Act, 1961 had been issued by Income Tax Officer, Ward 1(3), Kolkata, for Assessment Year 2015-16 to the Assessee Company. Through this notice, the Assessing Officer had sought for more information on the return of income filed on September 29, 2015, for Assessment Year 2015-16 by M/s Sherwood Securities Private Limited. The hearing in the matter is to begin in December 2016.

**M/S APSARA SELECTIONS PRIVATE LIMITED**

**PROCEEDINGS FOR AY 2014-15**

A Scrutiny Notice (Computer Assisted Scrutiny Selection) dated August 31, 2015, under Section 143(2) of the Income Tax Act, 1961, had been issued by Income Tax Officer, Ward 9(1), Kolkata for Assessment Year 2014-15 to M/s Apsara Selections Private Limited. Through this notice, the Assessing Officer had sought for more information on the return of income filed on November 30, 2014, by M/s Apsara Selections Private Limited. The Scrutiny is in process.

**M/S SANKHU MERCHANDISE PRIVATE LIMITED**

**PROCEEDINGS FOR AY- 2015-16**

A Scrutiny Notice (Computer Assisted Scrutiny Selection) dated March 26, 2016, under Section 143(2) of the Income Tax Act, 1961 had been issued by Income Tax Officer, Ward 2(3), Kolkata, for Assessment Year 2015-16 to M/s Sankhu Merchandise Private Limited for Limited Scrutiny. Through this notice, the Assessing Officer had sought for more information on the return of income filed on September 25, 2015, for Assessment Year 2015-16 by M/s Sankhu Merchandise Private Limited. The hearing for the scrutiny will begin after December 2016.

**M/S BONANZA AGENCY PRIVATE LIMITED**

**PROCEEDING FOR AY 2013-14**

The Assistant Commissioner of Income Tax, Asansol, Income Tax Department has issued a letter to M/s Bonanza Agency Private Limited dated February 5, 2016 for payment of arrear in demand. As per demand register no. CPC/1415/G8/506395 dated January 22, 2016 of Income Tax Department an original demand of Rs. 8,13,370/- is outstanding. As per letter, M/s Bonanza Agency Private Limited is directed to clear the demand within seven days from the date of receipt of the letter. The demand shown as outstanding on the Income Tax Portal amounts to Rs. 5,34,850/-. The Assistant Commissioner of Income Tax has asked M/s Bonanza Agency Private Limited to produce before them after a period of 30 days.

**PROCEEDING FOR AY 2015-16**

The Assistant Commissioner of Income Tax, Asansol, Income Tax Department has issued a notice under Section 143 (2) of the Income Tax Act, 1961 dated April 12, 2016. The return of Income submitted by M/s Bonanza Agency Private Limited dated September 24, 2015 is selected under Computer Assisted Scrutiny Selection (CASS) and the person-in-charge was required to attend the Income Tax Office on April 22, 2014 to produce or caused to be produced evidence in support of the return filed.

**Past Penalties imposed on our Group Companies**

Nil

**Proceedings initiated against our Group Companies for Economic Offences/securities laws/ or any other law**

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Group Companies**

Nil

**Adverse finding against Group Companies for violation of Securities laws or any other laws**

Nil

## LITIGATION BY OUR GROUP COMPANIES

**Criminal Litigation**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

## LITIGATION INVOLVING OUR SUBSIDIARIES

**Company does not have subsidiary as on date of this Draft Red Herring Prospectus.**

## OTHER MATTERS

**Details of any inquiry, inspection or investigation initiated under present or previous companies laws in last five years against the Company or its subsidiaries**

Nil

**Outstanding Litigation against other companies/any other person whose outcome could have an adverse effect on our company**

Nil

## MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no material developments since the date of the last audited balance sheet.

## OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

As of March 31, 2016, our Company had 11 creditors, to whom a total amount of Rs. 28.80 lakhs was outstanding. As per the requirements of SEBI Regulations, our Company, pursuant to a resolution of our Board dated August 11, 2016, considered creditors to whom the amount due exceeds Rs. 5 lakhs by our company for the purpose of identification of material creditors. Based on the above, the following are the material creditors of our Company:

**Rs. In Lakhs**

| Creditors | Amount |
|---|---|
| Rupa Company Limited | 27.19 |

Further, none of our creditors have been identified as micro enterprises and small scale undertakings by our Company based on available information. For complete details about outstanding dues to creditors of our Company, please see www.gretexindustries.com

Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.gretexindustries.com , would be doing so at their own risk.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Government/RBI, various Government agencies and other statutory and/ or regulatory authorities required for carrying on our present business activities and except as mentioned under this heading, no further material approvals are required for carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Draft Red Herring Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. In order to operate our business of manufacturing of hosiery garments and fabrics, we require various approvals and/ or licenses under various laws, rules and regulations. For further details in connection with the applicable regulatory and legal framework, please refer chapter titled *"Key Industry Regulations and Policies"* beginning on page 147 of this Draft Red Herring Prospectus.

The Company has its business located at:

**Registered Office**: 158, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata – 700013, West Bengal, India.

**Manufacturing Unit:** Jalan Complex, Gate No. 2, Jangalpur, P.O. Begri, P.S. Domjur District Howrah – 711141, West Bengal, India

The Objects Clause of the Memorandum of Association enables our Company to undertake its present business activities. The approvals required to be obtained by our Company include the following:

### APPROVALS FOR THE ISSUE / OFFER

### Corporate Approvals:

1. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a resolution passed at its meeting held on June 20, 2016, authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a special resolution passed in the Extraordinary General Meeting held on June 25, 2016, authorized the Issue.
3. The Board of Directors of Ambition Tie-up Private Limited have, by a resolution passed at its meeting held on June 14, 2016, authorized to participate in the Offer for Sale by offering 2,24,000 Equity Shares, subject to the approval of the shareholders and such other authorities as may be necessary.

   The Shareholders of Ambition Tie-up Private Limited have, by a special resolution passed in the Extraordinary General Meeting held on June 16, 2016, authorized to participate in the Offer for Sale by offering 2,24,000 Equity Shares.

   Ambition Tie-up Private Limited has consented to participate in the Offer for Sale by offering 2,24,000 Equity Shares by its letter dated June 17, 2016.
4. The Board of Directors of Bonanza Agency Private Limited have, by a resolution passed at its meeting held on June 14, 2016, authorized to participate in the Offer for Sale by offering 3,50,000 Equity Shares, subject to the approval of the shareholders and such other authorities as may be necessary.

The Shareholders of Bonanza Agency Private Limited have, by a special resolution passed in the Extraordinary General Meeting held on June 16, 2016, authorized to participate in the Offer for Sale by offering 3,50,000 Equity Shares.

Bonanza Agency Private Limited has consented to participate in the Offer for Sale by offering 3,50,000 Equity Shares by its letter dated June 17, 2016.

5. The Board of Directors of Talent Investment Company Private Limited have, by a resolution passed at its meeting held on June 14, 2016, authorized to participate in the Offer for Sale by offering 3,50,000 Equity Shares, subject to the approval of the shareholders and such other authorities as may be necessary.

   The Shareholders of Talent Investment Company Private Limited have, by a special resolution passed in the Extraordinary General Meeting held on June 16, 2016, authorized to participate in the Offer for Sale by offering 3,50,000 Equity Shares.

   Talent Investment Company Private Limited has consented to participate in the Offer for Sale by offering 3,50,000 Equity Shares by its letter dated June 17, 2016.

**In- principle approval from the Stock Exchange**

We have received in-principle approval from the stock exchange for the listing of our Equity Shares pursuant to letter dated [●] bearing reference no. [●].

**Agreements with NSDL and CDSL**

1. The Company has entered into an agreement dated January 15, 2014 with the Central Depository Services (India) Limited ("CDSL") and the Registrar and Transfer Agent, who in this case is, Bigshare Services Private Limited for the dematerialization of its shares.
2. Similarly, the Company has also entered into an agreement dated February 4, 2014 with the National Securities Depository Limited ("NSDL") and the Registrar and Transfer Agent, who in this case is Bigshare Services Private Limited for the dematerialization of its shares.
3. The Company's International Securities Identification Number ("ISIN") is INE985P01012.

**INCORPORATION AND OTHER DETAILS**

1. The Certificate of Incorporation dated July 16, 2009 issued by the Registrar of Companies, West Bengal, in the name of "HERITAGE BARTER PRIVATE LIMITED".
2. Subsequent to incorporation, the name of the company has been changed from "HERITAGE BARTER PRIVATE LIMITED" to "GRETEX INDUSTRIES PRIVATE LIMITED" as per Certificate of Incorporation dated February 7, 2013 issued by the Registrar of Companies, West Bengal, in the name of "GRETEX INDUSTRIES PRIVATE LIMITED".
3. Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public company issued on November 20, 2013 by the Registrar of Companies, West Bengal in the name of "GRETEX INDUSTRIES LIMITED".
4. The Corporate Identification Number (CIN) of the Company is U17296WB2009PLC136911.

**APPROVALS/LICENSES RELATED TO BUSINESS OF OUR COMPANY**

| Sr. No. | Description | Authority | Registration No./ Reference No./ License No. | Date of Issue / Renewal | Date of Expiry |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| 1 | Certificate of Importer- Exporter Code (IEC) | Foreign Trade Development Officer, Office of Zonal Director General of Foreign Trade, Calcutta, Ministry of Commerce and Industry, Government of India | IEC Number – 0212027590 | February 6, 2013 | N/A |
| 2. | Import/Export License<br>(under Foreign Trade (Development and Regulations) Act, 1992<br>To avail benefit under Zero Duty Export Promotion Capital Goods (EPCG) Scheme | Foreign Trade Development Officer, Office of Zonal Director General of Foreign Trade, Calcutta, Ministry of Commerce and Industry, Government of India | 0230010241/2/12/00 | April 20, 2015 | Export Obligation period is 6 years |
| 3. | Fire license<br>(under the West Bengal Fire Services Act, 1950) | Collector, Fire Licence, Fire & Emergency Services Department, Government of West Bengal | 116861 of 2016-17 | May 16, 2016<br>The certificate is effective from February 5, 2016. | February 4, 2017 |
| 4 | Certificate of Enlistment<br>(under S.199(1) and 199(2) of Kolkata Municipal Corporation Act, 1980) | License Department, Kolkata Municipal Corporation | 020311034272 | July 1st, 2016 | March 31, 2017 |
| 5 | Udyog Aadhar Memorandum<br>(Type of Enterprise – | Ministry of Micro Small & Medium Enterprises, Government of | Aadhar Number – 626576447167<br>Udyog Aadhar | N.A. | Perpetual |

| | | | | | |
|---|---|---|---|---|---|
| | Small – Manufacturing) | India | Number – WB10B0001074<br>Previous Entrepreneur Memorandum Number – EM-2<br>19-016-12-01162E | | |

**TAX RELATED APPROVALS / LICENSES / REGISTRATIONS**

| Sr. No. | Authorisation granted | Issuing Authority | Registration No. / Reference No. / License No. | Date of Issue | Validity |
|---|---|---|---|---|---|
| 1 | Permanent Account Number (PAN) | Income Tax Department, Government of India | AACCH2407H | July 16, 2009 | Perpetual |
| 2 | Tax Deduction Account Number (TAN) | Income Tax Department, Government of India | CALH04085E | N.A. | Perpetual |
| 3 | Certificate of Registration<br>(under section 24 of West Bengal Value Added Tax Act, 2003 read with Rule 6 & 6B of the West Bengal Value Added Tax Rules, 2005) | Sr. JCCT, CRU, Directorate of Commercial Taxes, Government of West Bengal | 19542665079 | March 30, 2015 | Perpetual |
| 4. | Certificate of Registration of Central Sales Tax<br>(under Section 7 (1) of Central Sales Tax Act, 1956 read with Rule 5(1) of the Central Sales Tax (Registration and Turnover) Rules, 1957 | Sr. JCCT, CRU, Directorate of Commercial Taxes, Government of West Bengal | 19542665079 | March 30, 2015 | Until Cancelled |

| | | | | | |
|---|---|---|---|---|---|
| | ) | | | | |
| 5. | Certificate of Registration of Service Tax<br>(under Chapter V of the Finance Act, 1994 read with the Service Tax Rules, 1994) | Office of the Deputy/Asstt. Commissioner Service Tax Division-1-Kolkata (ST), Central Board of Excise and Customs, Ministry of Finance-Department of Revenue | AACCH2407HSD001 | May 09, 2013 | Until cancelled |
| 6. | Professional Tax Registration Certificate (PTRC)<br>(Under Section 5(1) of The West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979 read with the West Bengal State Tax on Professions, Trades, Callings and Employments Rules, 1979) | Authority at West Bengal South Unit-I, Howrah, Government of West Bengal | 191001059537<br>Old Registration No.-<br>RCC0079839 | April 08, 2015 | N.A. |
| 7. | Professional Tax Enrollment Certificate (PTEC)<br>(Under Section 5(2) of The West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979 read with the West Bengal State Tax on Professions, Trades, Callings and Employments Rules, | Authority at West Bengal South Unit-I, Howrah, Government of West Bengal | 192005046494<br>Old Registration No.-<br>EWH1552848 | March 16, 2015 | N.A. |

| | | | | | |
|---|---|---|---|---|---|
| | 1979) | | | | |

**OTHER BUSINESS RELATED APPROVALS**

| S No. | Description | Authority | Registration/ Certificate Number | Date of Certificate | Date of Expiry |
|---|---|---|---|---|---|
| 1 | Certificate of Registration<br>ISO 9001:2008 Certification for Quality Management System | Elite Certifications Pvt. Ltd., Uttar Pradesh, India | EC/0915GN/00203 | September 24, 2015 | September 23, 2018 |

**OTHERS**

| Sr. No. | Description of Approval | Authority | Registration/ Certification number | Date of Issue | Validity |
|---|---|---|---|---|---|
| 1. | **Consolidated Consent to Operate**<br>(under Section 25 & 26 of the Water (Prevention and Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981)<br>For Unit located at Jalan Complex, Gate No.2, Jangalpur, P.S. Domjur, Howrah - 711411<br>To run industrial plant and manufacture / store / install Hosiery Goods | General Manager, District Industries Centre,<br>Ex-Officio Environment Officer of WBPCB<br>West Bengal Pollution Control Board | 1796/Pol./DIC/ How/2014-15 | February 18, 2015<br>(The Certificate is valid from March 1, 2014) | February 28, 2019 |

**INTELLECTUAL PROPERTY RELATED APPROVALS/REGISTRATIONS**

**TRADEMARKS**

| Sr. No. | Trademark | Trademark Type | Class | Applicant | Application No. | Date of Application | Registration status |
|---|---|---|---|---|---|---|---|

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | **LEKME** | Wordmark | 25 | Gretex Industries Limited | 2953963 | April 29, 2015 | Objected |
| 2. | **GRETEX** | Wordmark-Device | 24 | Gretex Industries Private Limited | 2531591 | May 15, 2013 | Objected |

**The Company has confirmed that no other applications have been made by the Company nor has it registered any type of intellectual property including trademarks/copyrights/patents etc.**

**PENDING APPROVALS:**

1. Application for Membership with the West Bengal Hosiery Association.
2. Amendment Application for amending the registration details i.e., name of the company (assesse), mentioned in Certificate of Registration of Service Tax (under Chapter V of the Finance Act, 1994 read with the Service Tax Rules, 1994), to GRETEX INDUSTRIES LIMITED.

**MATERIAL LICENSES / APPROVALS FOR WHICH THE COMPANY IS YET TO APPLY**

1. Renewal of License to work a factory for the year 2016 (under Factories Act, 1948 and Rules made thereunder) to be obtained from Chief Inspector of Factories, Directorate of Factories, Government of West Bengal.
2. Trade Certificate Under Rule 58 of the West Bengal Panchayat (Gram Panchayat Administration) Rules, 2004, as amended upto 2006, to be obtained from Office of the Begri Gram Panchayat,, Begri, P.S.: Domjur, Dist. Howrah, Pin: 711411.
3. Renewal of Registration under Foreign Trade Policy, 2010-2015 to be obtained from Apparel Export Promotion Council.

## OTHER REGULATORY AND STATUTORY APPROVALS

### AUTHORITY FOR THE ISSUE

The Offer has been authorized by the Board of Directors vide a resolution passed at its meeting held on June 20, 2015 and by the shareholders of our Company vide a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Extra-Ordinary General Meeting held on June 25, 2016

We have received in-principle approval from the Stock Exchange for the listing of our Equity Shares pursuant to letter no [•] dated [•].

### PROHIBITION BY SEBI, RBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, our Promoter, our Directors, our Promoter Group and natural persons behind our promoters, 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 Promoter, our Directors or persons in control of our Company are / were associated as promoter, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity our Directors are associated with as directors.

### PROHIBITION BY RBI

Neither our Company, nor our Promoter, or the relatives (as defined under the Companies Act) of our Promoter or Group Entity 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 no proceedings thereof are pending against them.

### ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with regulation 106M(1) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital does not exceed Rs. 1,000 lakhs. Our Company also complies with the eligibility conditions laid by the SME Platform of NSE 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 BRLMs will underwrite at least 15 per cent of the total issue size. For further details pertaining to underwriting please refer to chapter titled *"General Information"* beginning on page 67 of this Draft Red Herring 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 working days from the date our company becomes liable to repay it, then our company and every officer in default shall, on and from eight working days, be liable to repay such application money, with interest as prescribed under section 40 of Companies Act, 2013 and SEBI (ICDR) Regulations.
3. In accordance with Regulation 106(O) 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 Book Running Lead Manager submits the copy of Red Herring Prospectus along with a Due Diligence Certificate including additional confirmations as required

to SEBI at the time of filing the Red Herring Prospectus with Stock Exchange and the Registrar of Companies.

4. In accordance with Regulation 106(V) of the SEBI(ICDR) Regulations, the BRLMs will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue. For further details of the market making arrangement see chapter titled *"General Information"* beginning on page 67 of this Draft Red Herring Prospectus.
5. The Company has track record of 3 Years and positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and
6. Net-worth of the company is positive.
7. The Company has not been referred to Board for Industrial and Financial Reconstruction.
8. No petition for winding up is admitted by a court of competent jurisdiction against the Company.
9. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
10. The Company has a website www.gretexindustries.com

We further confirm that we shall be complying 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 us in this Issue.

## DISCLAIMER CLAUSE OF SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SECURITIES AND EXCHANGE BOARD OF INDIA SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND SELLING SHAREHOLDER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGES THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, HAS FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE AND WHICH SHALL ALSO BE SUBMITTED TO SEBI AFTER REGISTERING THE DRAFT PROSPECTUS WITH ROC AND BEFORE OPENING**

**OF THE ISSUE IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992**

**"WE, THE UNDER NOTED BOOK RUNNING 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, CIVIL LITIGATIONS, DISPUTES WITH COLLABORATORS, CRIMINAL LITIGATIONS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**
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 OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
   A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
   B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
   C. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS COMPANIES ACT, 1956, APPLICABLE PROVISIONS 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 DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
4. **WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING 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 DRAFT RED HERRING 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 OFFER – NOT APPLICABLE**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.- NOT APPLICABLE AS IN TERMS OF THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013, THE SHARES ISSUED IN THE PUBLIC OFFER SHALL BE IN DEMAT FORM ONLY**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING 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 COMPANY, 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 DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY (CHECKLIST ENCLOSED)**

16. **WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR – DETAILS ARE ENCLOSED IN "ANNEXURE A"**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTION HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS."** ***COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS***

**ADDITIONAL CONFIRMATIONS / CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

**(1) "WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

**(2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN DRAFT RED HERRING PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE OFFER UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS OFFER SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

**(3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. - NOTED FOR COMPALINCE**

**(4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY**

**(5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUB-**

**REGULATION OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT RED HERRING PROSPECTUS.**

**(6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE. - NOTED FOR COMPLAINCE**

**Note:**

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under section 34 and 36 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 offer. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Manager any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Draft Prospectus with the Registrar of Companies, Kolkata in terms of Section 26 and 32 of the Companies Act 2013.

## DISCLAIMER STATEMENT FROM OUR COMPANY, THE SELLING SHAREHOLDERS AND THE BOOK RUNNING LEAD MANAGER

Our Company, our Directors, the Selling Shareholders and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Draft Red Herring 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, www.gretexindustries.com, would be doing so at his or her own risk.

**Caution**

The Book Running Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for offer management entered into among the Book Running Lead Manager and our Company and the Selling Shareholders dated [•], the Underwriting Agreement dated [•] entered into among the Underwriter and our Company and the Market Making Agreement dated [•] entered into among the Market Maker(s), Book Running Lead Manager and our Company.

Our Company, the Selling Shareholders and the Book Running 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 Book Running Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and associates of our Company, Selling Shareholders and their associates in the ordinary course of business and may in future engage in the provision of services for which they may in future receive compensation. Pantomath Capital Advisors Private Limited is not an 'associate' of the Company and is eligible to Book Running Lead Manager this Issue, under the SEBI (Merchant Bankers) Regulations, 1992.

**Investors who apply in this Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder 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, the Selling Shareholder and the Book Running 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 BOOK RUNNING LEAD MANAGER

For details regarding the price information and track record of the past issue handled by M/s. Pantomath Capital Advisors Private Limited, as specified in Circular reference CIR/CFD/DIL/7/2015 dated October 30, 2015 issued by SEBI, please refer "Annexure A" to this Draft Red Herring Prospectus and the website of Book Running Lead Manager at www.pantomathgroup.com

## DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Kolkata, West Bengal only

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with NSE for its observations and NSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring 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 Draft Red Herring Prospectus in each jurisdiction, including India

## DISCLAIMER CLAUSE OF THE SME PLATFORM OF NSE

"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. [•] dated [•] permission to

the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever"

## FILING

The Draft Red Herring Prospectus has not been filed with SEBI, nor SEBI has issued any observation on the Offer Document in terms of Regulation 106(M)(3). However, a copy of the Red Herring Prospectus shall be filed with SEBI at the SEBI Eastern Regional Office, 3rd Floor, L&T Chambers, 16 Camac Street, Kolkata - 700 017. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC situated at Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4 A.J.C.B. Road, Kolkata 700020, West Bengal, India

## LISTING

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in-principle approval from SME Platform of NSE. However application will be made to the SME Platform of NSE for obtaining permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The SME Platform of NSE has given its in-principal approval for using its name in our Draft Red Herring Prospectus vide its letter dated [•].

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the SME Platform of NSE, our Company and the Selling Shareholders will forthwith repay, without interest, all moneys received from the bidders in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight working days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 working days from the Offer Closing Date), then our Company, the Selling Shareholders and every Director of our Company who is an officer in default shall, on and from such expiry of eight working days, be liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under section 40 of the Companies Act, 2013 and SEBI (ICDR) Regulations

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 the NSE mentioned above are taken within six Working Days from the Offer Closing Date. Further, the Selling Shareholder confirms that all steps, as may be reasonably required and necessary, will be taken for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of NSE where the Equity Shares are proposed to be listed within six working days of the Offer closing date.

## CONSENTS

Consents in writing of: (a) the Directors, the Promoters, the Selling Shareholders, the Company Secretary & Compliance Officer, Chief Financial Officer, the Statutory Auditors, the Peer Reviewed

Auditors, the Banker to the Company; and (b) Lead manager, Underwriters, Market Makers, Registrar to the Offer, Banker(s) to the Offer, Legal Advisor to the Offer to act in their respective capacities have been obtained and is filed along with a copy of the Prospectus with the RoC, as required under sections 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC. Our Peer Reviewed Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus / Red Herring Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Prospectus for filing with the RoC

## EXPERT TO THE OFFER

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

- Report of the Peer Reviewed Auditor on Statement of Tax Benefits.
- Report on Restated Financials Statements

## EXPENSES OF THE OFFER

The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, legal fees, statutory advertisement expenses. For details of total expenses of the Offer, refer to chapter *"Objects of the Offer"* beginning on page 100 of this Draft Red Herring Prospectus

## DETAILS OF FEES PAYABLE

**Fees Payable to the Book Running Lead Manager**

The total fees payable to the Book Running Lead Manager will be as per the Mandate Letter dated [•] issue by our Company to the Book Running Lead Managers, the copy of which is available for inspection at our Registered Office.

**Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer will be as per the Agreement signed by our Company and the Registrar to the Offer dated [•] a copy of which is available for inspection at our Registered Office. The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Offer 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, 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 Offer is as set out in the Underwriting Agreement to entered into between our Company and the Book Running 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, 2013

## 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 78 of this Draft Red Herring 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 COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

None of the equity shares of our Group Entities are listed on any recognized stock exchange. None of the above companies have 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 Offer 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 Draft Red Herring 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 Offer is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

## MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Agreement between the Registrar and Our Company provides for retention of records with the Registrar for a period of at least three year 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 Offer for redressal of their grievances. All grievances relating to this Offer may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as the name, address of the bidder, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant / Bidder, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants / bidder.

## DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY

Our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Shareholders Relationship Committee / Investors Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on [•]. For further details, please refer to the chapter titled "*Our Management*" beginning on page 167 of this Draft Red Herring Prospectus.

Our Company has appointed Sweta Harlalka as Company Secretary & Compliance Officer and she may be contacted at the following address:

Sweta Harlalka
**Gretex Industries Limited**
158, Lenin Sarani, 3rd Floor,
Room No. 7B,
Kolkata – 700 013
West Bengal, India
**Tel:** +91 33 40647251
**Fax No.:** +91 33 40647251
**Email:** cs@gretexgroup.com
**Website:** www.gretexindustries.com

Investors can contact the Company Secretary & Compliance Officer or the Registrar in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, *etc*.

## CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS

Following Changes in Auditors have been done in last three financial years

Proprietorship firm of Jay & Co., who signed our audit report, has associated with Partnership firm Gupta Agarwal & Associates

| Financial Year | Auditors |
|---|---|
| 2013-14 | Jay & Co. |
| 2014-15 | Gupta Agarwal & Associates |
| 2015-16 | Gupta Agarwal & Associates |

## CAPITALISATION OF RESERVES OR PROFITS

Save and except as stated in the chapter titled "*Capital Structure*" beginning on page 78 of this Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

## REVALUATION OF ASSETS

Our Company has not revalued its assets since incorporation.

## PURCHASE OF PROPERTY

Other than as disclosed in this Draft Red Herring Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring 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.

## SERVICING BEHAVIOR

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

## SECTION VII – OFFER INFORMATION

## TERMS OF THE OFFER

The Equity Shares being offered and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, , the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws, as applicable, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by SEBI, the Government of India, the FIPB, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the FIPB, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Offer. SEBI has notified the SEBI Listing Regulations on September 2, 2015, which among other things, governs the obligations applicable to a listed company which were earlier prescribed under the Equity Listing Agreement. The Listing Regulations have become effective from December 1, 2015.

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 offer shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.

Further vide the said circular Registrar to the Offer and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Offer and DPs as and when the same is made available.

### OFFER FOR SALE

The Offer comprises of a fresh offer and offer for Sale by the Selling Shareholders. The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and the Selling Shareholders agree that they will reimburse our Company all such expenses.

### RANKING OF EQUITY SHARES

The Equity Shares being offered in the Offer shall be subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Offer will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled "*Main Provisions of Articles of Association*" beginning on page number 326 of this Draft Red herring Prospectus.

### 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 at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act and our Articles of Association. For further details, please refer to the chapter titled *"Dividend Policy"* on page 198 of this Draft Red Herring Prospectus.

## FACE VALUE AND OFFER PRICE PER SHARE

The face value of the Equity Shares is Rs. 10 each and the Offer Price is Rs. [●]per Equity Share and at the higher end of the Price Band is Rs.[●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and the Bengali newspaper [●], each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be prefilled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

## COMPLIANCE WITH SEBI ICDR REGULATIONS

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

## RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 2013 Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, please refer to the section titled "*Main Provisions of Articles of Association*" beginning on page number 326 of this Draft Red herring Prospectus.

## MARKET LOT AND TRADING LOT

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated February 04, 2014 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated January 15, 2014 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

## MINIMUM NUMBER OF ALLOTTEES

Further in accordance with Regulation 106R of SEBI (ICDR) Regulations, the minimum number of allottees in this Offer shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer and the monies blocked by SCSBs shall be unblocked within 4 days of closure of offer.

## JURISDICTION

Exclusive jurisdiction for the purpose of this Offer is with the competent courts / authorities in Mumbai, Maharashtra, India.

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

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

## JOINT HOLDER

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

## NOMINATION FACILITY TO INVESTOR

In accordance with Section 72 of the Companies Act, 2013 the sole applicant, or the first applicant along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the Applicant, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been

complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

## BID/ OFFER OPENING DATE

| | |
|---|---|
| Bid / Offer Opening Date | [●] |
| Bid / Offer Closing Date | [●] |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | [●] |
| Initiation of Refunds | [●] |
| Credit of Equity Shares to demat accounts of Allottees | [●] |
| Commencement of trading of the Equity Shares on the Stock Exchange | [●] |

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the BRLMs. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Bid/Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend complete co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.

Bids and any revision to the same shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Bid/Offer Period. On the Bid/Offer Closing Date, the Bids and any revision to the same shall be accepted between **10.00 a.m. and 5.00 p.m. (IST)** or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings and reported by the Book Running Lead Manager to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic system would be rejected. Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 5.00 p.m. (IST) on the Bid/Offer Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only on Business Days. Neither our Company nor the Selling Shareholders nor the Book Running Lead Manager is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Draft Red Herring Prospectus is Indian Standard Time.

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision of the Price Band, the Bid/Offer Period will be extended for at least three additional working days after revision of Price Band subject to the Bid/ Offer Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release and also by indicating the changes on the websites of the Book Running Lead Manager and at the terminals of the Syndicate Member.**

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the Bid cum Application Form, for a particular Bidder, the Registrar to the Offer shall ask for rectified data

## MINIMUM SUBSCRIPTION

This Offer is not restricted to any minimum subscription level. This Offer is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the "stated minimum amount" has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the offer through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the offer, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

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 with the applicable laws of such jurisdiction.

## MIGRATION TO MAIN BOARD

Our company may migrate to the Main board of NSE from NSE EMERGE on a later date subject to the following:

a. *If the Paid up Capital of our Company is likely to increase above Rs. 2,500 lakhs by virtue of any furtherissue of capital by way of rights issue, preferential isssue, bonus issueetc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to NSE 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 our company is more than Rs. 1,000 lakhs but below Rs. 2,500 lakhs, our Company may still apply for migration to the Main Board and if the Company fulfils the eligible criteria for listing laid by the Main Board and if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.*

## MARKET MAKING

The shares offered through this Offer are proposed to be listed on the EMERGE Platform of NSE (SME Exchange) with compulsory market making through the registered Market Maker of the EMERGE Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on EMERGE Platform of NSE . For further details of the market making arrangement please refer to chapter titled *"General Information"* beginning on page [●]of this Red Herring Prospectus.

## ARRANGEMENT FOR DISPOSAL OF ODD LOT

The trading of the equity shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the EMERGE Platform of NSE.

## AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBS CANNOT PARTICIPATE IN THIS OFFER

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 SECURITIES IN DEMATERIALISED FORM

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the 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

The Offerer Company is not issuing any new financial instruments through this Offer.

## APPLICATION BY ELIGIBLE NRIs, FPI'S REGISTERED WITH SEBI, VCF'S, AIF'S REGISTERED WITH SEBI AND QFI'S

It is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

## RESTRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF EQUITY SHARES

Except for lock-in of the pre-Offer Equity Shares and Promoter's minimum contribution in the Offer as detailed in the chapter "*Capital Structure*" beginning on page 78 of this Draft Red herring 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 shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "*Main Provisions of the Articles of Association*" beginning on page 326 of this Draft Red herring 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 may occur after the date of the Draft Red herring 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.*

## OFFER STRUCTURE

This Offer is being made in terms of Regulation 106(M)(1) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer, whose post issue face value capital does not exceed ten crore rupees, shall issue specified securities to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the EMERGE Platform of NSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "*Terms of the Issue*" and "*Offer Procedure*" on page 269 and 278 of this Draft Red Herring Prospectus.

**Following is the issue structure:**

Initial public offer of up to [●] Equity Shares for cash at price of Rs. [●] (including a premium of `Rs [●] per Equity Share) aggregating up to Rs. [●] Lakhs comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to Rs.210.42 Lakhs by our Company and Offer of Sale aggregating up to Rs. [●] Lakhs, comprising of offer for sale of up to 9,24,000 Equity Shares by Bonanza Agencies Private Limited, up to 3,50,000 Equity Shares by Talent Investment Co. Private Limited, up to 3,50,000 Equity shares by Ambition Tie-up Private Limited, up to 2,24,000 Equity Shares The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The offer comprises a reservation of Upto [●] Equity Shares of Rs. 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion") and a Net Offer to Public of Upto [●] Equity Shares of Rs. 10 each ("the Net Offer"). The Offer and the Net Offer will constitute [●] and [●], respectively of the post issue paid up equity share capital of the company.

| Particulars | Net offer to Public* | Market Maker Reservation Portion |
|---|---|---|
| **Number of Equity Shares** | [●] Equity Shares | [●] Equity Shares |
| **Percentage of Issue Size available for allocation** | [●] % of Issue Size | [●] %of Issue Size |
| **Basis of Allotment / Allocation if respective category is oversubscribed** | Proportionate subject to minimum allotment of [●]equity shares and further allotment in multiples of [●]equity shares eachFor further details please refer to the section titled *"Issue Procedure" on* page [●] of the Draft Red Herring Prospectus | Firm allotment |
| **Mode of Bid cum Application** | All Applicants/Bidders shall make the application (Online or Physical through ASBA Process) | Through ASBA Process only |
| **Minimum Bid Size** | ***For QIB and NII***<br>Such number of Equity Shares in multiples of [●] Equity Shares such that the Application size exceeds Rs 2,00,000<br>***For Retail Individual***<br>[●] Equity shares | [●] Equity Shares |
| **Maximum Bid Size** | ***For Other than Retail Individual Investors:***<br>For all other investors the maximum application size is the Net Issue to | Equity Shares of Face Value of Rs 10 each |

| Particulars | Net offer to Public* | Market Maker Reservation Portion |
|---|---|---|
| | public subject to limits as the investor has to adhere under the relevant laws and regulations as applicable.<br>***For Retail Individuals:***<br>[●]Equity Shares | |
| **Mode of Allotment** | Compulsorily in Dematerialised mode | Compulsorily in Dematerialised mode |
| **Trading Lot** | [●]Equity Shares | [●]Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations |
| **Terms of payment** | The entire Bid Amount will be payable at the time of submission of the Bid Form | |

## WITHDRAWAL OF THE ISSUE

In accordance with the SEBI ICDR Regulations, our Company and selling shareholder, in consultation with Book Running Lead Manager severally and not jointly, reserves the right not to proceed with this Issue at any time after the Issue Opening Date, but before our Board meeting for Allotment, without assigning reasons thereof. However, if our Company withdraws the Issue after the Issue Closing Date, we will give reason thereof within two days by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published.

Further, the Stock Exchange shall be informed promptly in this regard and the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Applicants within one Working Day from the date of receipt of such notification. In case our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, Non retail applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

## ISSUE PROGRAMME

| | |
|---|---|
| **ISSUE OPENS ON** | [•] |
| **ISSUE CLOSES ON** | [•] |

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., all trading days of stock exchanges excluding Sundays and bank holidays.

## OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document"), and including SEBI circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 included below under "Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 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 reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

*Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus*

*Please note that all the Bidders can participate in the Offer only through the ASBA process. All Bidders shall ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.*

*Bidders are required to submit Bids to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs or to the Syndicate Members. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on http://www.sebi.gov.in. For details on designated branches of SCSB collecting the Bid cum Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants ("DP"), Registrar to an Offer and Share Transfer Agent ("RTA") that have been notified by National Stock Exchange of India Limited. to act as intermediaries for submitting Bid cum Application Forms are provided on http://www.nseindia.com For details on their designated branches for submitting Bid cum Application Forms, please see the above mentioned NSE website.*

*Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept Bid cum Application forms.*

### BOOK BUILDING PROCEDURE

The Offer is being made under Regulation 106(M)(1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via book building process wherein 50% of the Net Offer to Public is being offered to the Retail Individual Bidders and the balance shall be offered to QIBs and Non-Institutional Bidders. However, if the aggregate demand from the Retail Individual Bidders is less than 50%, then the balance Equity Shares in that portion will be added to the non retail portion offered to the remaining investors including QIBs and NIIs and vice-versa subject to valid bids being received from them at or above the Offer Price.

Subject to the valid Bids being received at or above the Offer Price, allocation to all categories in the Net Offer, shall be made on a proportionate basis, except for the Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum Bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under subscription, if any, in any category, would be allowed to be met with spillover from any other category or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Stock Exchange.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialized form. Bidders 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

## BID CUM APPLICATION FORM

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLMs, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the NSE (www.nseindia.com), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Bid/Offer Opening Date. All Bidders shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain such details are liable to be rejected. ASBA Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected

The prescribed colour of the Bid Cum Application Form for various categories is as follows:

| Category | Colour of Bid cum Application Form* |
|---|---|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis | White |
| Eligible NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), applying on a repatriation basis (ASBA ) | Blue |

**excluding electronic Bid cum Application Form*

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms to respective SCSBs where the Bidder has a bank account and shall not submit it to any non-SCSB Bank

## WHO CAN Bid?

In addition to the category of Bidders set forth under "***General Information Document for Investing in Public Issues – Category of Investors Eligible to participate in an Offer***", the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and / or industrial research organisations authorised in India to invest in the Equity Shares.

## Maximum and Minimum Application Size

***a) For Retail Individual Bidders:***

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs 2,00,000. In case of revision of Bid, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2,00,000.

***b) For Other Bidders (Non-Institutional Bidders and QIBs:***

The Bid cum Application must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Offer Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Bidder cannot withdraw or lower the size of their Bid at any stage and are required to pay the entire Bid Amount upon submission of the Bid.** The identity of QIBs applying in the Net Offer shall not be made public during the Offer Period. In case of revision in Bid, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs 2,00,000 for being considered for allocation in the Non-Institutional Portion.

## INFORMATION FOR THE BIDDERS

a. Our Company shall file the Red Herring Prospectus with the RoC at least three working days before the Bid / Issue Opening Date.

b. Our Company shall, after registering the Red Herring Prospectus with the RoC, make a pre-Offer advertisement, in the form prescribed under the ICDR Regulations, in English and Hindi national newspapers and one regional newspaper with wide circulation. In the pre-Offer advertisement, our Company and the Book Running Lead Manager shall advertise the Offer Opening Date, the Offer Closing Date. This advertisement, subject to the provisions of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the ICDR Regulations.

c. The Price Band as decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Manager is Rs. [●] per Equity Share. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share and the minimum bid lot is of [●] Equity Shares. Our Company shall also announce the Price Band at least five Working Days before the Offer Opening Date in English and Hindi national newspapers and one regional newspaper with wide circulation.

d. This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band. Further, this announcement shall be disclosed on the websites of the Stock Exchanges where the Equity Shares are proposed to be listed and shall also be pre-filled in the Bid cum application forms available on the websites of the stock exchanges.

e. The Offer Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Offer Period shall be extended, by an additional three Working Days, subject to the total Offer Period not exceeding ten Working Days. The revised Price Band and Offer Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in English and Hindi national newspapers and one regional newspaper with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the members of the Syndicate.

**The Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Member does not match with the PAN, DP ID and Client ID available in the database of Depositories, the Bid cum Application Form is liable to be rejected**.

## OPTION TO SUBSCRIBE IN THE OFFER

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.

A single Bid cum application from any investor shall not exceed the investment limit / minimum number of specified securities that can be held by him/her/it under the relevant regulations / statutory guidelines and applicable law

## AVAILABILITY OF RED HERRING PROSPECTUS AND BID CUM APPLICATION FORM

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLMs, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and NSE (www.nseindia.com) at least one day prior to the Bid/Offer Opening Date.

## APPLICATIONS BY ELIGIBLE NRI'S/RFPI's ON REPATRIATION BASIS

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLMs, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and NSE (www.nseindia.com) at least one day prior to the Bid/Offer Opening Date.

## PARTICIPATION BY ASSOCIATED/AFFILIATES OF LEAD MANAGER AND SYNDICATE MEMBERS

The BRLMs and the Syndicate Members, if any, shall not be allowed to purchase in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members, if any, may subscribe the Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to suchBidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

## APPLICATIONS BY ELIGIBLE NRI'S

NRIs may obtain copies of Bid cum Application Form from the offices of the BRLMs and the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour)

## BIDS BY FPI INCLUDING FIIs

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Offer, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum

Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In terms of the SEBI FPI Regulations, the offer of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10.00% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10.00% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client‘ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

## BIDS BY SEBI REGISTERED VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme

managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

**Our Company or the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation**.

## BIDS BY MUTUAL FUNDS

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid cum Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Bid cum 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 Bids clearly indicate the scheme concerned for which the Bids has been made.

The Bids 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.

## BIDS BY LIMITED LIABILITY PARTNERSHIPS

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any bid without assigning any reason thereof. Limited liability partnerships can participate in the Offer only through the ASBA process.

## BIDS BY INSURANCE COMPANIES

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserves the right to reject any Bid by Insurance Companies without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

1) equity shares of a company: the least of 10.00% of the investee company's subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;

2) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

3) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount

calculated under (a), (b) and (c) above, as the case may be. Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

## BIDS UNDER POWER OF ATTORNEY

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

c) With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form

e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the Book Running Lead Manager and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus**.

## BIDS BY PROVIDENT FUNDS/PENSION FUNDS

In case of Bids made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the Book Running Lead Manager and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them**

**does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.**

## BIDS BY BANKING COMPANY

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders reserve the right to reject any Bid by a banking company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "Banking Regulation Act"), and the Master Circular dated July 1, 2015 – Para-banking Activities, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

## BIDS BY SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making Bid cum applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making Bid cum application in public issues and clear demarcated funds should be available in such account for such Bid cum applications.

## ISSUANCE OF A CONFIRMATION NOTE ("CAN") AND ALLOTMENT IN THE OFFER

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Offer shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Offer.

2. The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder

## TERMS OF PAYMENT

**Terms of Payment**

The entire Offer price of Rs. [●] per share is payable on Bid cum application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar to the offer 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 Offer Bank Account, post finalisation of basis of Allotment. The balance amount after transfer to the Public Offer Account shall be unblocked by the SCSBs.

The Bidders 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 theBidders.

**Payment mechanism for Bidders**

The Bidders shall specify the bank account number in the Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid cum Application Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the bid cum application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Bidders shall neither withdraw nor lower the size of their bid cum applications at any stage. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Application Forms, the Registrar to the Offer 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 Offer and consequent transfer of the Application Amount to the Public Offer Account, or until withdrawal/ failure of the Offer or until rejection of the bid cum application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions offerd by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this Offer shall mandatorily make use of ASBA facility.

## SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC

a) Our Company has entered into an Underwriting agreement dated [•].
b) A copy of the Red Herring Prospectus and Prospectus will be filed with the RoC in terms of Section 26 of the Companies Act.

## PRE- OFFER ADVERTISEMENT

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI Regulations, in: (i) English National Newspaper; (ii) Hindi National Newspaper; and (iii) Regional Newspaper, each with wide circulation. In the pre-Offer advertisement, we shall state the Bid Opening Date and the Bid Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

## ADVERTISEMENT REGUARDING OFFER PRICE AND PROSPECTUS

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the final derived Offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

## GENERAL INSTRUCTIONS

*Do's:*

1. Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;

6. If the first applicant is not the account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
8. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
11. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
13. Ensure that the Demographic Details are updated, true and correct in all respects;
14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
15. Ensure that the category and the investor status is indicated;
16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
17. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
18. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

19. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;

20. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

21. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

22. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

*Dont's:*

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Draft Red Herring Prospectus;
11. Do not submit the General Index Register number instead of the PAN;
12. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
13. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
14. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
16. Do not submit more than five Bid cum Application Forms per ASBA Account;

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

## BIDS AT DIFFERFENT PRICE LEVELS AND REVISION OF BIDS

a) Our Company and the Selling Shareholders, in consultation with the BRLMs, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.

b) Our Company and the Selling Shareholders, in consultation with the BRLMs, will finalize the Offer Price within the Price Band, without the prior approval of, or intimation, to the Bidders

c) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

d) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

## COMMUNICATIONS

All future communications in connection with Bids made in this Offer should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application form, name and address of the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Bidders can contact the Compliance Officer or the Registrar in case of any pre Offer or post Offer related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

## IMPERSONATION

*Attention of the Bidders 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 THE COMPANY

Our Company undertake as follows:

1. That the complaints received in respect of the Offer 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 EMERGE Platform of NSE where the Equity Shares are proposed to be listed within six working days from Offer Closure date.

3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar and Share Transfer Agent to the Offer by our Company;;
4. That our Promoter's contribution in full has already been brought in;
5. That no further offer 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
6. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment.
7. If our Company does not proceed with the Offer after the Bid/Offer Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the Pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
8. If our Company withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh Draft Red Herring Prospectus with the RoC/SEBI, in the event our Company subsequently decides to proceed with the Offer;
9. Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period

## UNDERTAKING BY THE SELLING SHAREHOLDER

Each Selling Shareholder severally undertakes that:

1) it shall deposit its Equity Shares offered in the Offer in an escrow account opened with the Registrar to the Offer at least one Working Day prior to the Bid/Offer Opening Date;

2) it shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchanges;

3) it shall take all steps and provide all assistance to our Company and the BRLMs, as may be required for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within six Working Days from the Bid/Offer Closing Date of the Offer, failing which it shall forthwith repay without interest all monies received from Bidders to the extent of the Offered Shares. In case of delay, interest as per applicable law shall be paid by the Selling Shareholder;

4) it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Equity Shares held by it except the Equity Shares being offered in the Offer for Sale until such time that the lock-in remains effective save and except as may be permitted under the SEBI Regulations;

5) it shall ensure that the Equity Shares being offered by it in the Offer, shall be transferred to the successful Bidders within the time specified under applicable law; and

6) it shall give appropriate instructions for dispatch of the refund orders or Allotment Advice to successful Bidders within the time specified under applicable law.

7) It is the legal and beneficial owner of, and has full title to their respective portion of the Offered Shares in the Offer;

## UTILIZATION OF THE OFFER PROCEEDS

The Board of Directors of our Company certifies that:

1. all monies received out of the Fresh 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 Fresh issue referred above shall be disclosed and continue to be disclosed till the time any part of the Offer 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 Fresh issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
4. Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the Offer.

Further the Selling Shareholders along with our Company declare that all monies received out of the Offer for Sale shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

## EQUITY SHARES IN DEMATERIALSED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

a. Agreement dated February 04, 2014 among NSDL, the Company and the Registrar to the Offer;
b. Agreement dated January 15, 2014among CDSL, the Company and the Registrar to the Offer;

The Company's shares bear ISIN no INE985P01012

PART B

## GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public offers in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders 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 Offer. For taking an investment decision, the Bidders should rely on their own examination of the Offer and the Issuer, and should carefully read the Draft Red Herring prospectus before investing in the Offer.*

### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken *inter-alia* through the Book-Building Process as well as to the Fixed Price Issue. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders in IPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **("SEBI ICDR Regulations, 2009").**

Bidders should note that investment in equity and equity related securities involves risk and Bidder should not invest any funds in the Offer 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 Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("RHP")/Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Offer and on the website of Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders may refer to the section "Glossary and Abbreviations".

### SECTION 2: BRIEF INTRODUCTION TO IPOs ON NSE EMERGE (SME PLATFORM)

### 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., Bidders may refer to the DRHP

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 Offer being made under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation.

## 2.2 OTHER ELIGIBILITY REQUIREMENTS

In addition to the eligibility requirements specified in paragraphs 2.1, an issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 and the Companies Act, 2013 (the "Companies Act"), The Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (1) of Chapter XB of SEBI (ICDR) Regulation:

(a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, issue has to be 100% underwritten and the BRLMs 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 issue 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 BRLMs 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 company should have track record of atleast 3 years
(f) The company should have positive cash accruals (earnings before depreciation and tax) from operations for atleast 2 financial years preceding the application and its net-worth should be positive
(g) The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crore.
(h) The issuer shall mandatorily facilitate trading in demat securities.
(i) The issuer should not been referred to Board for Industrial and Financial Reconstruction.
(j) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company
(k) 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
(l) The Company should have a website. Issuer shall also comply 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, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this issue.

Thus Company is eligible for the issue in accordance with regulation 106M (1) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital does not exceed Rs. 1000 Lakhs. Company also complies with the eligibility conditions laid by the EMERGE Platform of NSE for listing of our Equity Shares.

**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 Offer Price through the Book Building Process **("Book Built issues")** or undertake a Fixed Price Issue **("Fixed Price Issues")**. An issuer may mention Floor Price or Price Band in the DRHP (in case of a Book Built Issue) and a Price or Price Band in the DRHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities. Bidders should refer to the RHP/ Prospectus or Offer advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

## 2.3 ISSUE PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders) and not more than ten Working Days.Bidders are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP for details of the Offer Period. Details of Offer Period are also available on the website of Stock Exchange(s).

## 2.4 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:

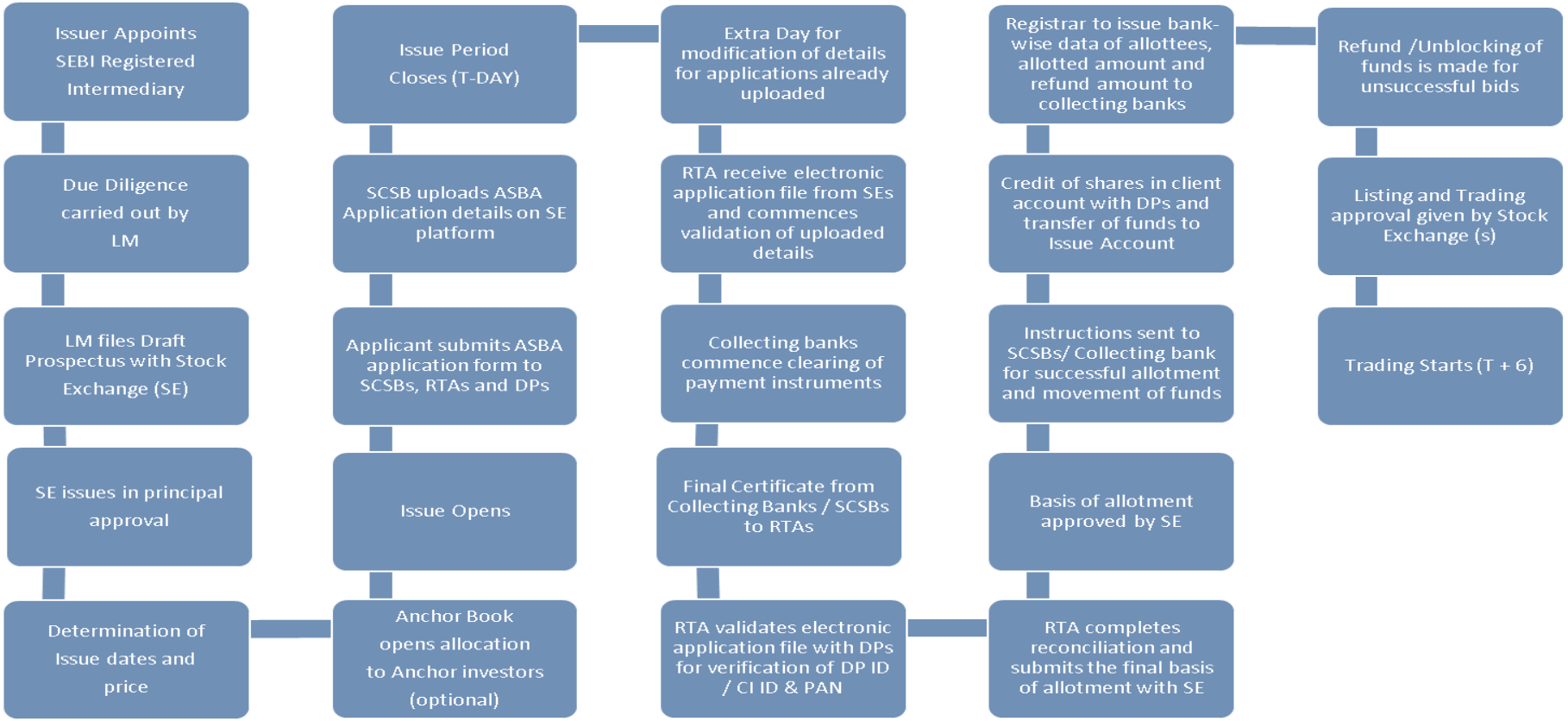
(a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other 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 fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

(b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the 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.

## 2.5 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows


Issuer Appoints SEBI Registered Intermediary
Due Diligence carried out by LM
LM files Draft Prospectus with Stock Exchange (SE)
SE issues in principal approval
Determination of Issue dates and price
Anchor Book opens allocation to Anchor investors (optional)
Issue Opens
Applicant submits ASBA application form to SCSBs, RTAs and DPs
SCSB uploads ASBA Application details on SE platform
Issue Period Closes (T-DAY)
Extra Day for modification of details for applications already uploaded
RTA receive electronic application file from SEs and commences validation of uploaded details
Collecting banks commence clearing of payment instruments
Final Certificate from Collecting Banks / SCSBs to RTAs
RTA validates electronic application file with DPs for verification of DP ID / CI ID & PAN
RTA completes reconciliation and submits the final basis of allotment with SE
Basis of allotment approved by SE
Instructions sent to SCSBs/ Collecting bank for successful allotment and movement of funds
Credit of shares in client account with DPs and transfer of funds to Issue Account
Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks
Refund /Unblocking of funds is made for unsuccessful bids
Listing and Trading approval given by Stock Exchange (s)
Trading Starts (T + 6)

## SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN OFFER

***Each*** Bidders ***should check whether it is eligible to apply under applicable law.*** Furthermore, certain categories of Bidders , such as NRIs, FPIs and FVCIs may not be allowed to apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the DRHP for more details.

Subject to the above, an illustrative list of Bidders is as follows:

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors through natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidders should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Bids 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 Offer;
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;
17. Any other person eligible to apply in this Offer, 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 Offer.

## SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the DRHP.

Bidders should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders is as follows:

| Category | Colour of the Bid cum Application (Excluding downloaded forms from SE website) |
|---|---|
| Resident Indian, Eligible NRIs applying on a non repatriation basis | White |
| NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), on a repatriation basis | Blue |
| Anchor Investors (where applicable) & Bidders applying in the reserved category | Not Applicable |

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

### 4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders may note that forms not filled completely or correctly as per instructions provided in this GID, the DRHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non- resident Bidders are reproduced below:

## R Bid cum Application Form

**COMMON BID CUM APPLICATION FORM**

**GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - R**

Regd. Off. : 158, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata – 700 013, West Bengal, India. CIN No.: U17299WB2010PLC150811
Tel. No.: +91 33 4064 9721; Fax No.: +91 33 2283 5335; E-mail: ssl@gretexgroup.com; Website: www.gretexbusiness.com

**FOR RESIDENT INDIANS INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS**

To,
The Board of Directors
**GRETEX INDUSTRIES LIMITED**

**BOOK BUILT OFFER**

**ISIN - INE985P01012**

Bid Cum Application Form No.

| SYNDICATE MEMBER'S STAMP & CODE | BROKER'S /SCSB / CDP / RTA STAMP & CODE |
|---|---|
| | |
| **SUB-BROKER'S / SUB-AGENT'S STAMP & CODE** | **ESCROW BANK /SCSB BRANCH STAMP & CODE** |
| | |
| **BANK BRANCH SERIAL NO.** | **SCSB SERIAL NO.** |
| | |

**1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER**

Mr./Ms./M/s.

Address

Email

Tel. No (with STD code) / Mobile

**2. PAN OF SOLE / FIRST BIDDER**

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL

For NSDL enter 8 Digit DPID 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" | | | |
|---|---|---|---|---|---|
| | | Bid Price | Retail Discount | Net Price | "Cut-Off" (Please '✓' Bid) |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

**5. CATEGORY**

☐ Retail Individual Bidder

☐ Non Institutional Bidder

☐ QIB

**6. INVESTOR STATUS**

| | | |
|---|---|---|
| ☐ | Individual(s) | - IND |
| ☐ | Hindu Undivided Family* | - HUF |
| ☐ | Non-Resident Indians (Non-Repatriation basis) | - NRI |
| ☐ | Bodies Corporate | - CB |
| ☐ | Banks & Financial Institutions | - FI |
| ☐ | Mutual Funds | - MF |
| ☐ | National Investment Funds | - NIF |
| ☐ | Insurance Funds | - IF |
| ☐ | Insurance Companies | - IC |
| ☐ | Venture Capital Funds | - VCF |
| ☐ | Alternate Investment Funds | - AIF |
| ☐ | Others (Please Specify) | - OTH |

*HUF Should apply only through Karta (Application by HUF would be treated on par with individual)

**7. PAYMENT DETAILS** | **PAYMENT OPTION : Full 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 ABRIDGED 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 THIS BID CUM APPLICATION FORM GIVEN OVERLEAF.

**8A. SIGNATURE OF SOLE / FIRST BIDDER**

Date: _____, 2016

**8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)**

1)

2)

3)

**SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP** (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

**GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - R**

**Acknowledgement Slip for Syndicate Member/ Broker/SCSB/CDP/RTA**

Bid Cum Application Form No.

DP ID / CLID

PAN of Sole / First Bidder

Amount Blocked (₹ in figures) | ASBA A/c. No.

Bank & Branch

Received from Mr./Ms./M/s.

Telephone / Mobile | Email

Stamp & Signature of SCSB Branch

TEAR HERE

**GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - R**

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Amount Blocked (₹) | | | |

Name & Signature of Syndicate Member / Registered Broker/SCSB/CDP/RTA

ASBA Bank A/c No.: _____

Bank & Branch: _____

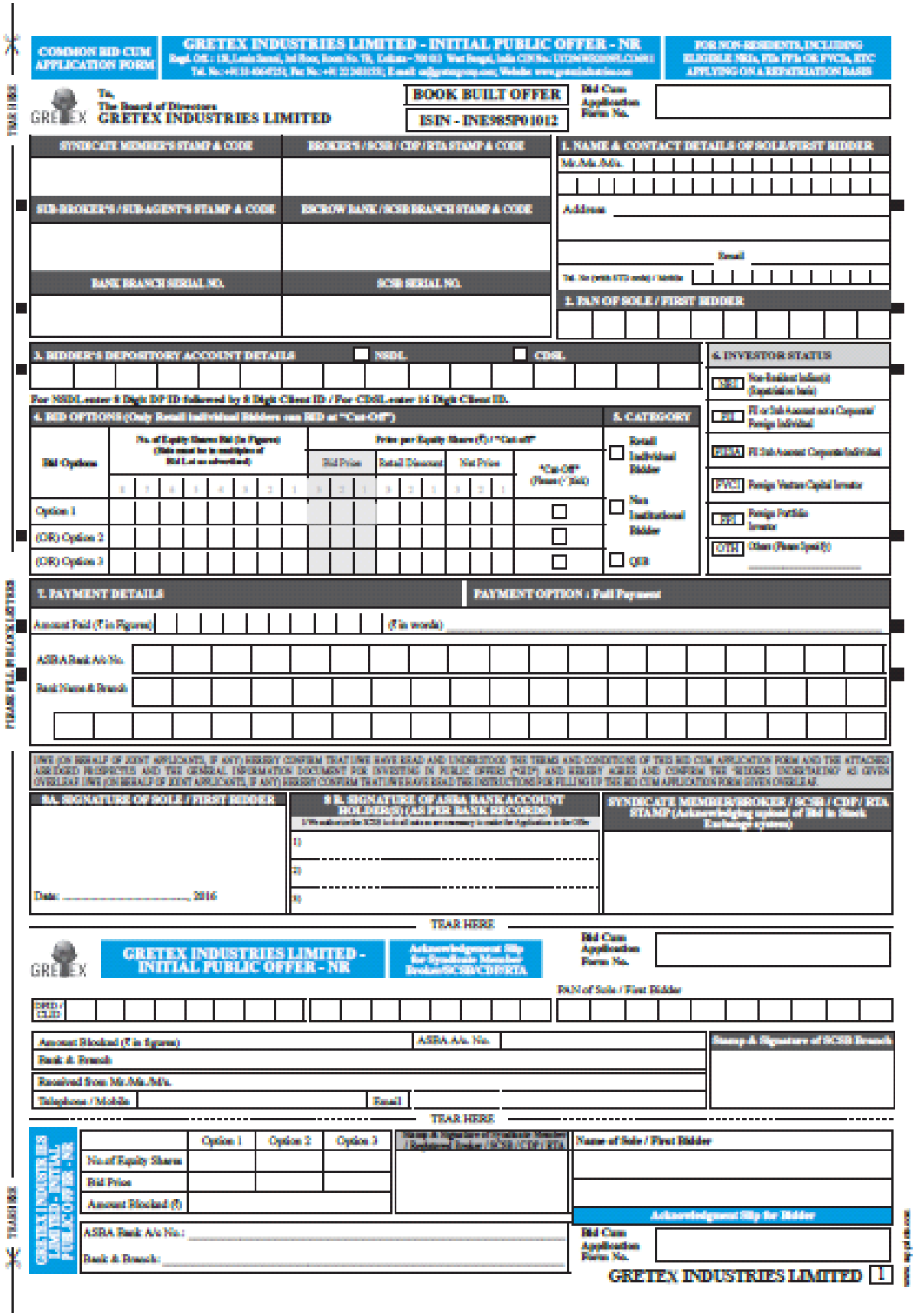
Name of Sole / First Bidder

**Acknowledgement Slip for Bidder**

Bid Cum Application Form No.

**GRETEX INDUSTRIES LIMITED** 1

**NR Bid cum Application Form**



COMMON BID CUM APPLICATION FORM

GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - NR

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs/FPIs OR FVCIs, ETC APPLYING ON A REPATRIATION BASIS

To,
The Board of Directors
GRETEX INDUSTRIES LIMITED

BOOK BUILT OFFER

ISIN - INE985P01012

Bid Cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER'S / SCSB / CDP / RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK / SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER

Mr./Ms./M/s.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL, enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL, enter 16 Digit Client ID.

6. INVESTOR STATUS

- NRI — Non-Resident Indian(s) (Repatriation basis)
- FII — FII or Sub-Account not a Corporate/Foreign Individual
- FIISA — FII Sub-Account Corporate/Individual
- FVCI — Foreign Venture Capital Investor
- FPI — Foreign Portfolio Investor
- OTH — Others (Please Specify)

4. BID OPTIONS (Only Retail Individual Bidders can bid at "Cut-Off")

| Bid Options | No. of Equity Shares Bid (In Figures) (This must be in multiples of Bid Lot as advertised) | Price per Equity Share (₹) / "Cut-off" Bid Price | Retail Discount | Net Price | "Cut-Off" (Please ☑ this) |
|---|---|---|---|---|---|
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

5. CATEGORY

- ☐ Retail Individual Bidder
- ☐ Non Institutional Bidder
- ☐ QIB

7. PAYMENT DETAILS | PAYMENT OPTION : Full 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 ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THAT I/WE SHALL NOT MAKE ANY DEPOSITS OR PAYMENTS IN VIOLATION OF THE LAWS, RULES, REGULATIONS, NOTIFICATIONS AND CIRCULARS APPLICABLE TO ME/US IN THE JURISDICTION IN WHICH I/WE AM/ARE PRESENTLY RESIDENT AND/OR NATIONAL AND I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THIS BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE / FIRST BIDDER

Date: _____, 2016

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

1)

2)

3)

SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - NR

Acknowledgement Slip for Syndicate Member/ Broker/SCSB/CDP/RTA

Bid Cum Application Form No.

PAN of Sole / First Bidder

DRF / CLID

Amount Blocked (₹ in figures) | ASBA A/c. No.

Bank & Branch

Received from Mr./Ms./M/s.

Telephone / Mobile | Email

Stamp & Signature of SCSB Branch

TEAR HERE

GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - NR

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Amount Blocked (₹) | | | |

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.:

Bank & Branch:

Bid Cum Application Form No.

GRETEX INDUSTRIES LIMITED [1]

### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER

a) Bidders should ensure that the name provided in this field is exactly the same as **the** name in which the Depository Account is held.

b) **Mandatory Fields:** Bidders should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Bidders should note that the contact details mentioned in the Bid cum Application Form/ Application Form may be used to dispatch communications) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

c) **Joint Bids:** In the case of Joint Bids, the Bids should be made in the name of the Bidder whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder would be required in the Bid cum Application Form/ Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Bidder whose name appears in the Bid cum Application Form/ Application Form or the Revision Form and all communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

d) **Impersonation:** Attention of the Bidders 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.***

e) **Nomination Facility to Bidder:** 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 Bidders should inform their respective DP.

### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE /FIRST BIDDER

a) PAN (of the sole/first Bidder) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids on behalf of the Central or State Government, Bids by officials appointed by the courts and Bids by Bidders residing in Sikkim ("PAN Exempted Bidders"). Consequently, all Bidders, other than the PAN Exempted Bidders, are required to disclose their PAN in the Bid cum Application Form Form, irrespective of the Bid Amount. Bids by the Bidders whose PAN is not available as per the

Demographic Details available in their Depository records, are liable to be rejected.

c) The exemption for the PAN Exempted Bidders is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

e) Bids by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

### 4.1.3 FIELD NUMBER 3: BIDDERS DEPOSITORY ACCOUNT DETAILS

a) Bidder should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected**.

b) Bidder should ensure that the beneficiary account provided in the Bid cum Application Form is active.

c) Bidder should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form, the Bidder may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the 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 the offer.

d) Bidder are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders' sole risk.

### 4.1.4 FIELD NUMBER 4: BID OPTIONS

a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the DRHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs undertaken through the Book Building Process. Cut-Off Price: Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

c) Minimum Bid Value and Bid Lot: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum Bid value is within the range of above Rs.1,00,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum Bid value.

d) Allotment: The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the DRHP or the advertisement regarding the Price Band published by the

Issuer.

**4.1.4.1 Maximum and Minimum Bid Size**

**(a) For Retail Individual Bidder**

The Bid must be for a minimum of 1600 Equity Shares. As the Bid Price payable by the Retail Individual Bidders cannot exceed Rs. 2,00,000, they can make Bid for only minimum size i.e. for 1600 Equity Shares.

**(b) For Other Bidders (Non Institutional Bidders and QIBs):**

i. The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of 1600 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB cannot withdraw its Bid after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Bid. In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion. Bidders are advised to ensure that any single Bid cum 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 RHP/Prospectus.

ii. In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

iii. The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process

**4.1.4.2 Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other

than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids

by a Bidder and may be rejected.

ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for

common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion.

**4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.

(b) An Issuer can make reservation for certain categories of Bidders as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders may refer to the RHP.

(c) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder may refer to the DRHP.

**4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidder, such as NRIs, FPIs and FVCIs may not be allowed to Bid/apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders are requested to refer to the Draft Red Herring Prospectus for more details.

(c) Bidders should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders should ensure that their investor status is updated in the Depository records.

**4.1.5 FIELD 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the DRHP indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bid Amount cannot be paid in cash, through money order or through postal order or

through stock invest.

(c) Bidders who Bid at Cut-off Price shall DEPOSIT the Bid Amount based on the Cap Price.

(d) All Bidders can participate in the Offer only through the ASBA mechanism.

(e) Please note that, providing bank account details in the space provided in the Bid cum Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

#### 4.1.5.1 Payment instructions for Bidders

a) Bidders may submit the ASBA Form either
   i. 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 Bid cum Application Form, or
   ii. in physical mode to any Designated Intermediary.
b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder 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, will not be accepted.
c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
e) From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.
f) Bidders should submit the Bid cum Application Form only at the Bidding Centre i.e to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations
g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.
h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs
m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

**Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful Bids transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

(d) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bidders, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 6 Working Days of the Bid/Offer Closing Date.

#### 4.1.5.2 Discount (if applicable)

(a) The Discount is stated in absolute rupee terms.
(b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
(c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such Bids for allocation under Non-Institutional Category. These Bids are neither eligible for Discount nor fall under RII category.

#### 4.1.5.3 Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to block funds through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

### 4.1.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

(a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder., then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the Bids, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum 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 Bid/ amount mentioned in the Bid cum Application Form.

(d) Bidders must note that Bid cum Application Form without signature of Bidder and /or ASBA Account holder is liable to be rejected.

### 4.1.7 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by Bid Collecting Intermediary or SCSB, as applicable, for submission of the Bid cum Application Form.

(b) All communications in connection with Bid made in the Offer should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, the Bidders should contact the Registrar to the
ii. Offer.
iii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated Branch of the SCSB.
iv. Bidders may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Offer.
v. In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.
vi. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker
vii. In case of Bids submitted to the RTA, the Bidders should contact the relevant RTA.
viii. In case of Bids submitted to the DP, the Bidders should contact the relevant DP.

(c) The following details (as applicable) should be quoted while making any queries -
i. Full name of the sole or First Bidder, Bid cum Application Form number, Bidder' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on Bid.
ii. name and address of the Designated Intermediary, where the Bid was submitted; or

For further details, Bidder may refer to the Draft Red Herring Prospectus and the Bid cum Application Form.

## 4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Offer Period, any Bidder (other than QIBs and NIIs, who can only revise their Bid 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 / withdraw their Bid till closure of the Bid/Offer period.

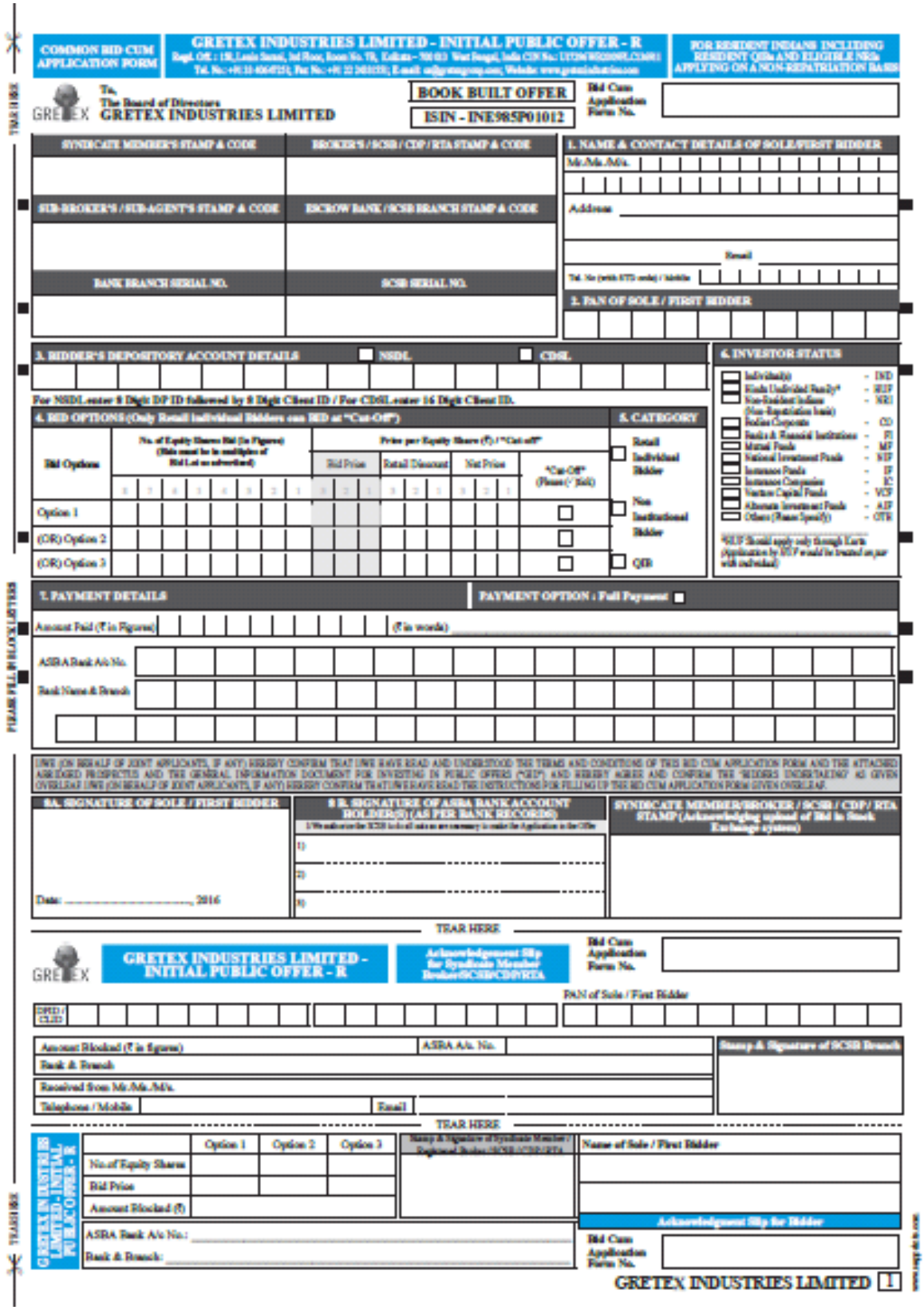
(c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.

(d) The Bidder can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the SCSB through which such Bidder had placed the original Bid.

A sample Revision form is reproduced below:

Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

**Revision Form – R**



COMMON BID-CUM APPLICATION FORM

GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - R

Regd. Off.: 15E, Lenin Sarani, 1st Floor, Room No. 7B, Kolkata – 700 013 West Bengal, India CIN No.: U17299WB2010PLC146911
Tel. No.: +91 33 4064 7215, Fax No.: +91 33 2481 1535, E-mail: ssl@gretexgroup.com, Website: www.gretexindustries.com

FOR RESIDENT INDIANS INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

To,
The Board of Directors
GRETEX INDUSTRIES LIMITED

BOOK BUILT OFFER

ISIN - INE985P01012

Bid Cum Application Form No.

| SYNDICATE MEMBER'S STAMP & CODE | BROKER'S / SCSB / CDP / RTA STAMP & CODE |
|---|---|
| SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK / SCSB BRANCH STAMP & CODE |
| BANK BRANCH SERIAL NO. | SCSB SERIAL NO. |

1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER
Mr./Ms./M/s.
Address
Email
Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.

6. INVESTOR STATUS

| | |
|---|---|
| ☐ Individual(s) | - IND |
| ☐ Hindu Undivided Family* | - HUF |
| ☐ Non-Resident Indians (Non-Repatriation basis) | - NRI |
| ☐ Indian Corporate | - CO |
| ☐ Banks & Financial Institutions | - FI |
| ☐ Mutual Funds | - MF |
| ☐ National Investment Funds | - NIF |
| ☐ Insurance Funds | - IF |
| ☐ Insurance Companies | - IC |
| ☐ Venture Capital Funds | - VCF |
| ☐ Alternate Investment Funds | - AIF |
| ☐ Others (Please Specify) | - OTH |

*HUF Should apply only through Karta. Application by HUF would be treated on par with individual.

4. BID OPTIONS (Only Retail Individual Bidders can BID at "Cut-Off")

| Bid Options | No. of Equity Shares Bid (In Figures) (This must be in multiples of Bid Lot as advertised) | Price per Equity Share (₹) / "Cut-off" | | | | 5. CATEGORY |
|---|---|---|---|---|---|---|
| | | Bid Price | Retail Discount | Net Price | "Cut-Off" (Please ✓ Tick) | |
| Option 1 | | | | | ☐ | ☐ Retail Individual Bidder |
| (OR) Option 2 | | | | | ☐ | ☐ Non Institutional Bidder |
| (OR) Option 3 | | | | | ☐ | ☐ QIB |

7. PAYMENT DETAILS

PAYMENT OPTION : Full Payment ☐

Amount Paid (₹ in Figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

PLEASE FILL IN BLOCK LETTERS

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 ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE 'RISKS 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

Date: _____, 2016

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)
I/We authorise the SCSB to block an amount mentioned in this Application in the ASBA

1)
2)
3)

SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - R

Acknowledgement Slip for Syndicate Member/Broker/SCSB/CDP/RTA

Bid Cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

Amount Blocked (₹ in figures) ASBA A/c. No.

Bank & Branch

Received from Mr./Ms./M/s.

Telephone / Mobile Email

Stamp & Signature of SCSB Branch

TEAR HERE

GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - R

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Amount Blocked (₹) | | | |

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.:

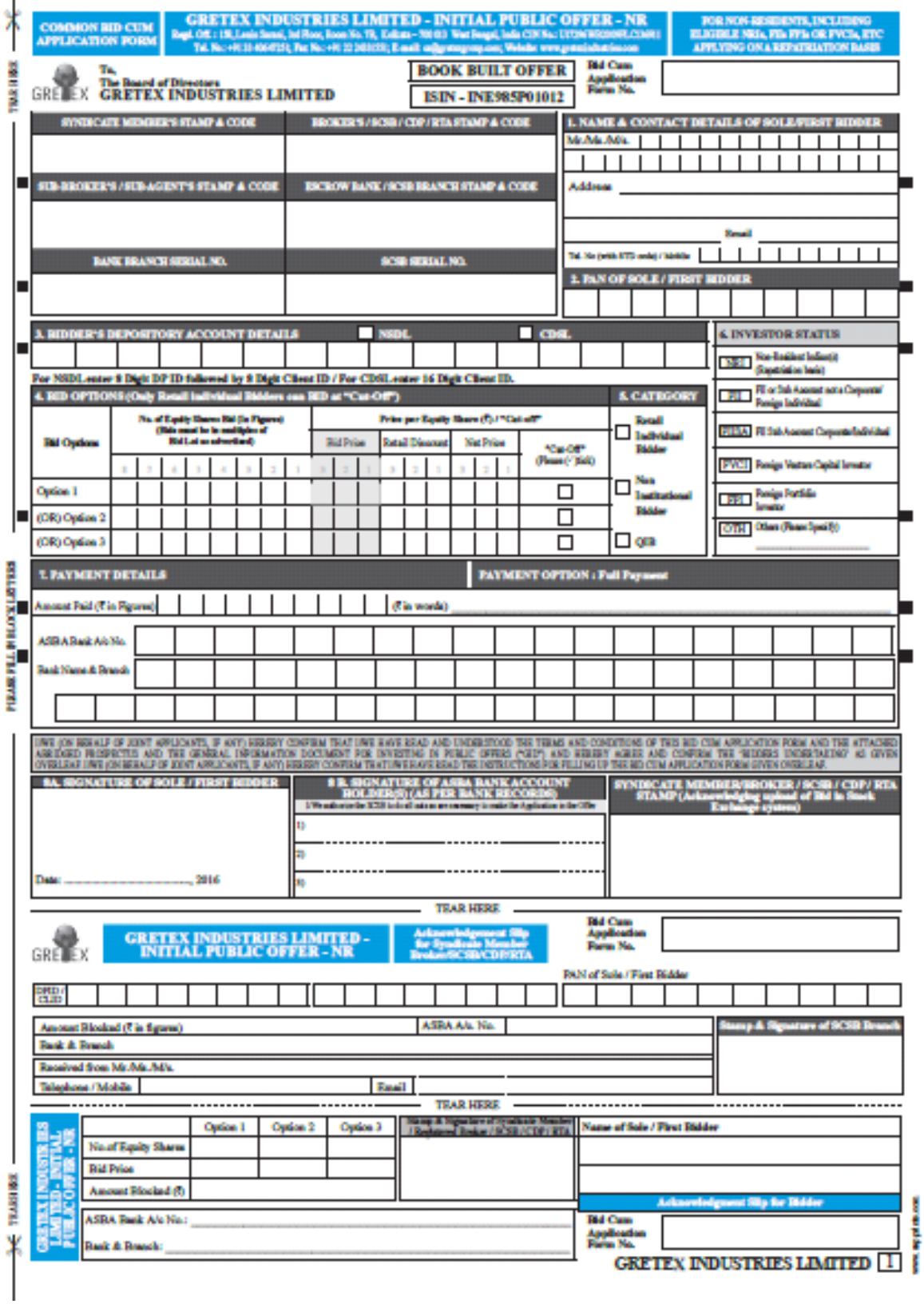
Bank & Branch:

Bid Cum Application Form No.

GRETEX INDUSTRIES LIMITED 1

TEAR HERE

**Revision Form – NR**



COMMON BID CUM APPLICATION FORM

GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - NR

Regd. Off. : 138, Lenin Sarani, 3rd Floor, Room No. 7B, Kolkata – 700 013 West Bengal, India CIN No.: U17299WB2010PLC150811
Tel. No.: +91 33 4060 5214; Fax No.: +91 33 2401 1531; E-mail: cs@gretexgroup.com; Website: www.gretexindustries.com

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs FPIs OR FVCIs, ETC APPLYING ON A REPATRIATION BASIS

To,
The Board of Directors
GRETEX INDUSTRIES LIMITED

BOOK BUILT OFFER

ISIN - INE985P01012

Bid Cum Application Form No.

| SYNDICATE MEMBER'S STAMP & CODE | BROKER'S /SCSB / CDP / RTA STAMP & CODE |
|---|---|
| SUB-BROKER'S /SUB-AGENT'S STAMP & CODE | ESCROW BANK /SCSB BRANCH STAMP & CODE |
| BANK BRANCH SERIAL NO. | SCSB SERIAL NO. |

1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER

Mr./Ms./M/s.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ 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) (This must be in multiples of Bid Lot as advertised) | Price per Equity Share (₹) / "Cut-off" Bid Price | Retail Discount | Net Price | "Cut-Off" (Please ✓ Tick) |
|---|---|---|---|---|---|
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

5. CATEGORY

☐ Retail Individual Bidder

☐ Non Institutional Bidder

☐ QIB

6. INVESTOR STATUS

NRI Non-Resident Indian(s) (Repatriation basis)

FII FII or Sub Account not a Corporate/ Foreign Individual

FIISA FII Sub Account Corporate/Individual

FVCI Foreign Venture Capital Investor

FPI Foreign Portfolio Investor

OTH Others (Please Specify) _____

7. PAYMENT DETAILS | PAYMENT OPTION : Full 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 ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("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 THIS BID CUM APPLICATION FORM GIVEN OVERLEAF.

| 8A. SIGNATURE OF SOLE / FIRST BIDDER | 8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) | SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system) |
|---|---|---|
| Date: _____, 2016 | 1) 2) 3) | |

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GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - NR

Acknowledgement Slip for Syndicate Member/ Broker/SCSB/CDP/RTA

Bid Cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount Blocked (₹ in figures) ASBA A/c. No.

Bank & Branch

Received from Mr./Ms./M/s.

Telephone / Mobile Email

Stamp & Signature of SCSB Branch

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GRETEX INDUSTRIES LIMITED - INITIAL PUBLIC OFFER - NR

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Amount Blocked (₹) | | | |

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.:

Bank & Branch:

Bid Cum Application Form No.

GRETEX INDUSTRIES LIMITED 1

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### 4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER, PAN OFSOLE/FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER

Bidders should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

### 4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

(a) Apart from mentioning the revised number of shares in the Revision Form, the Bidder must also mention the details of shares applied/bid for given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the DRHP. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked in case of Bidders.

### 4.2.3 FIELD 6: PAYMENT DETAILS

a) All Bidders are required to make payment of the full Bid Amount (less Discount, if applicable) along with the Bid Revision Form. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

b) Bidder may Offer instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same

Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the DRHP. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

**4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

**4.3 SUBMISSION OF REVISION FORM/ BID CUM APPLICATION FORM /APPLICATION FORM**

**4.3.1 Bidders may submit completed Bid cum application form / Revision Form in the following manner:-**

| Mode of Bid | Submission of Bid cum Application Form |
|---|---|
| All investors Bids | To the Bid cum Application Collecting Intermediaries as mentioned in the Draft Red herring Prospectus/ Bid cum Application Form |

Bidders should submit the Revision Form to the same Designated Intermediary through which such Bidders had placed the original Bid.

**SECTION 5: INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

This being book built issue procedure for fixed price issue is not applicable.

**SECTION 6- ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

**6.1 SUBMISSION OF BIDS**

a) During the Bid/Offer Period, Bidders may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.

b) In case of Bidders (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).

c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders are requested to refer to the DRHP.

## 6.2 ELECTRONIC REGISTRATION OF BIDS

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

## 6.3 BUILD UP OF THE BOOK

a) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.

b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

## 6.4 WITHDRAWAL OF BIDS

a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

## 6.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

1) the Bids accepted by the Designated Intermediaries,
2) the Bids uploaded by the Designated Intermediaries, and
3) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

**GROUNDS OF REJECTIONS**

Bidders are advised to note that Bids 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;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
- GIR number furnished instead of PAN;
- Bid for lower number of Equity Shares than specified for that category of investors;
- Bids at Cut-off Price by NIIs and QIBs;
- Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account
- Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the DRHP;
- The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Category not ticked;
- Multiple Bids as defined in the DRHP;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Bid accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Bidder is missing;
- Bid cum Application Forms not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/Offer Opening Date advertisement and the DRHP and as per the instructions in the DRHP and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bid by OCBs;
- Bids by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Where no confirmation is received from SCSB for blocking of funds
- Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form. Bids not duly signed by the sole/First Bidder;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

- Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Details of ASBA Account not provided in the Bid cum Application form

For details of instructions in relation to the Bid cum Application Form, Bidders may refer to the relevant section the GID.

**BIDDERS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BIDS COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.**

**BASIS OF ALLOCATION**

a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the DRHP. For details in relation to allocation, the Bidder may refer to the DRHP.

b) Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.

c) In case of under subscription in the Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the DRHP.

d) Illustration of the Book Building and Price Discovery Process Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.20 to Rs 24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

| Bid Quantity | Bid Amount (Rs.) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 2,500 | 20 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of Equity Shares is the price at which the book cuts off, i.e., Rs. 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below Rs. 22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

**SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE**

This being Book Built Issue, this section is not applicable for this Offer.

## SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to DRHP. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### 7.1 BASIS OF ALLOTMENT

Allotment will be made in consultation with the SME Platform of NSE (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 oversubscription ratio (number of Bidders in the category x number of Shares applied for).

(b) The number of Shares to be allocated to the successful Bidders 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 Bids where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:

i. Each successful Bidder shall be allotted [●] equity shares; and

ii. The successful Bidder out of the total bidders for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.

(d) If the proportionate allotment to an Bidder works out to a number that is not a multiple of [●] equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.

(e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders 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 Bidder in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this DRHP.

(f) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Bidders as described below:

i. 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 bidders other than retails individual investors and

- other investors, including corporate bodies/ institutions irrespective of number of shares applied for.

iii. The unsubscribed portion of the net offer to any one of the categories specified in a) or b) shall/may be made available for allocation to bidders in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-.Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with NSE.

The Executive Director / Managing Director of NSE- the Designated Stock Exchange in addition to Book Running 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 Offer Account with the Bankers to the Offer.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer**.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Offer.

(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 Bidders Depository Account will be completed within 4 Working Days of the Offer Closing Date. The Issuer also ensures the credit of shares to the successful Bidder depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Offer Account on the Designated Date.

# SECTION 8: INTEREST AND REFUNDS

## 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Bid/Offer Closing Date.

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## 8.2 GROUNDS FOR REFUND

### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest,

all moneys received from the Bidders in pursuance of the DRHP/Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, 2013 and as disclosed in the DRHP.

### 8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

This Offer is not restricted to any minimum subscription level. This Offer is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the "stated minimum amount" has not be 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 Offer through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Offer, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitutional or additional provisions as has been or may be notified under the Companies Act, 2013).

### 8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

## 8.3 MODE OF REFUND

Within 6 Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bids and also for any excess amount blocked on Bids.

### 8.3.1 Mode of making refunds

The Registrar to the Offer may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Offer.

## 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum /or demat credits are not made to Bidders or instructions for unblocking of funds in the ASBA Account are not dispatched within the 4 Working days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 days from the Bid/Offer 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 |
|---|---|
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid. |
| Allotment/ Allot/ Allotted | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the respective portion of the Offered Shares by each of the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders |
| Allottee(s) | Successful Bidders(s) to whom Equity Shares have been allotted/transferred. |
| Allotment Advice | Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange. |
| ASBA / Application Supported by Blocked Amount | An application, whether physical or electronic, used by Bidders, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account |
| Application Supported by Blocked Amount Form/ASBA Form | An application from, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Draft Red Herring Prospectus. |
| ASBA Account | An account maintained with an SCSB and specified in the Bid cum Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form |
| ASBA form | An application form, whether physical or electronic, used by Bidders which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus. |
| ASBA Application Location(s) / Specified Cities | Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, Surat and Ahmedabad |
| Banker(s) to the Offer | The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public offer Account will be opened and in this case being [●] |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to the successful Bidders under the Offer and which is described under chapter titled "*Offer Procedure*" beginning on page 278 of this Draft Red Herring Prospectus. |
| Bid | An indication to make an offer during the Bid/Offer Period by a Bidder pursuant to submission of the Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in accordance with the Draft Red Herring Prospectus and Bid cum Application Form |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or |

| Term | Description |
|---|---|
| | blocked in the ASBA Account upon submission of the Bid in the Offer |
| | |
| Bid/ Offer Closing Date | The date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Bengali newspaper [●], each with wide circulation and in case of any revision, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations |
| Bid/ Offer Opening Date | The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Bengali newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| Bid/ Offer Period | The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof. |
| Bid cum Application form | The form used by a Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Draft Red Herring Prospectus |
| Bidder | Any prospective investor who makes a Bid/Application pursuant to the terms of the DRHP/RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant |
| Book Building Process | Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made |
| Book Running Lead Managers or BRLMs | The book running lead managers to the Offer namely Pantomath capital Advisors Private Limited |
| Broker Centres | Broker centres notified by the Stock Exchanges, where the Bidders can submit the Bid cum application forms 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 website of NSE India Limited. |
| Business Day | Monday to Saturday (except 2nd & 4th Saturday of a month and public holidays) |
| CAN or Confirmation of Allocation Note | The note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted/transferred , after approval of Basis of Allotment by the Designated Stock Exchange. |
| Cap Price | The higher end of the Price Band, above which the Offer Price will not |

| Term | Description |
|---|---|
| | be finalised and above which no Bids will be accepted |
| 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 Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Cut-off Price | Offer Price, which shall be any price within the Price Band finalised by our Company and the Selling Shareholders in consultation with the BRLMs.<br>Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. |
| Controlling Branch/Designated Branch | Such branch of the SCSBs which coordinate Applications under this Offer by the ASBA Applicants with the Registrar to the Offer and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time |
| DP | Depository Participant |
| DP ID | Depository Participant's Identification Number |
| Depositories | Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL |
| Demographic Details | The demographic details of the Bidders such as their address, PAN, occupation and bank account details |
| Designated Branches | Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (exc Anchor Investor) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Designated CDP Locations | Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants.<br>The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated Date | The date on which the Collection Banks transfer funds from the public issue Accounts, and the SCSBs issue instructions for transfer of funds from the ASBA Accounts, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus following which the Board of Directors may Allot Equity Shares to successful Bidders in the Fresh Issue and the Selling Shareholders may give delivery instructions for the transfer of the respective Offered Shares. |
| Designated Intermediary(ies) | Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the Bidders, in relation to the Offer |
| Designated RTA Locations | Such centres of the RTAs where Bidder can submit the Bud cum Application Forms. The details of such Designated RTA Locations, |

| Term | Description |
|---|---|
| | along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange (www.nseindia.com) and updated from time to time |
| Designated Stock Exchange | NSE Emerge Platform of NSE India Limited |
| Designated CDP Locations | Such centres of the CDPs where Bidders can submit the Bid Cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange (www.nseindia.com) and updated from time to time |
| Discount | Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009. |
| Draft Red Herring Prospectus or DRHP | This Draft Red Herring Prospectus dated August 16, 2016 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer |
| Employees | Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the DRHP |
| Equity Shares | Equity Shares of the Issuer |
| FCNR Account | Foreign Currency Non-Resident Account |
| First/sole Bidder | Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names |
| FII(s) | Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India |
| Fixed Price Issue / Fixed Price Process / Fixed Price Method | The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price will be finalised and below which no Bids will be accepted |
| FPIs | Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| FPO | Further public offering |
| Issuer/Company | The Issuer proposing the initial public offering/further public offering as applicable |
| Maximum RII Allottees | The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot |
| MICR | Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf |
| Mutual Fund(s) | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time |

| Term | Description |
|---|---|
| Mutual Funds Portion | 5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the DRHP/RHP/Prospectus and Bid cum Application Form |
| **NEFT** | National Electronic Fund Transfer |
| NRE Account | Non-Resident External Account |
| NRI | NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the DRHP/RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares |
| NRO Account | Non-Resident Ordinary Account |
| Net Offer | The Offer less reservation portion |
| Non-Institutional Investors or NIIs | All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Category | The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the DRHP/RHP/Prospectus and the Bid cum Application Form |
| Non-Resident | A person resident outside India, as defined under FEMA and includes FIIs and FPIs |
| OCB/Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| Offer | The initial public offer of up to [●] Equity Shares of face value of Rs.10 each for cash at a price of Rs. [●] each, aggregating up to Rs.[●] comprising the Fresh Issue and the Offer for Sale of up to [●] Equity Shares by BAPL, up to [●] Equity Shares by ATUPL, up to [●] Equity shares by TICPL, collectively aggregating up to Rs.[●] |
| Offer for Sale | The offer for sale of up to [●] Equity Shares aggregating up to Rs.[●] by the Selling Shareholders at the Offer Price in terms of the Draft Red Herring Prospectus, consisting of BAPL offered shares, TICPL Offered Shares and ATUPL Offered Shares. For further details in relation to Selling Shareholders, see *"The Offer"* on page 65 |
| Other Investors | The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer and the Selling Shareholders in consultation with the Book Running Lead Manager(s) |
| Offer Price | The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus The Offer Price will be decided by our |

| Term | Description |
|---|---|
| | Company and the Selling Shareholders in consultation with the BRLMs on the Pricing Date in accordance with the Book-Building Process and the Red Herring Prospectus |
| PAN | Permanent Account Number allotted under the Income Tax Act, 1961 |
| Price Band | Price band of a minimum price of Rs.[●] per Equity Share (Floor Price) and the maximum price of Rs.[●] per Equity Share (Cap Price) including revisions thereof.<br>The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and will be advertised at least five Working Days prior to the Bid/Offer Opening Date, in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and [●] edition of the Bengali newspaper [●], each with wide circulation |
| Pricing date | The date on which our Company and the Selling Shareholders in consultation with the BRLMs, will finalise the Offer Price |
| Prospectus | The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price, the size of the Offer and certain other information |
| Public Offer Account | Account opened with the Banker to the Offer i.e. [●] under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the bidders on the Designated Date. |
| Qualified Institutional Buyers or QIBs | Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations, 2009. |
| RTGS | Real Time Gross Settlement |
| Red Herring Prospectus or RHP | The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto.<br>The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date |
| Refund Account(s) | The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to Bidders) shall be made. |
| Refund Bank(s) / Refund Banker(s) | Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being [●] |
| Refund through electronic transfer of funds | Refunds through NECS, direct credit, RTGS or NEFT, as applicable |
| 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 |
| Registered Broker | Individuals or companies registered with SEBI as "Trading Members" (except Syndicate/Sub-Syndicate Members) who hold valid membership of NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on |

| Term | Description |
|---|---|
| | http://www.nseindia.com/membership/dynaContent/find_a_broker.htm |
| Registrar /Registrar to the Offer | Registrar to the Offer, in this case being being Bigshare Services Private Limited having registered office at E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri East, Mumbai– 400 072, India |
| Reserved Category / Categories | Categories of persons eligible for making Bids under reservation portion. |
| Revision Form | Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s) |
| Reservation Portion | The portion of the offer reserved for category of eligible Bidders as provided under the SEBI (ICDR) Regulations, 2009 |
| 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 |
| 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 Bids/Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries or at such other website as may be prescribed by SEBI from time to time |
| Specified Locations | Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time |
| Stock Exchanges / SE | The stock exchanges as disclosed in the DRHP/RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed |
| Syndicate or Members of the Syndicate | The BRLMs and the Syndicate Members |
| Syndicate Agreement | Agreement dated [●] entered into amongst the BRLMs, the Syndicate Members, our Company and the Selling Shareholders in relation to the procurement of Bid cum Application Forms by Syndicate |
| Syndicate Members | Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●] |
| Underwriter | Pantomath Capital Advisors Private Limited |
| Underwriting Agreement | The agreement dated [●] entered into between the Underwriter and our Company |
| Working Day | "Working Day" means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays |

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 **("FEMA").** While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made**.** Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment **("FDI")** through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India **("DIPP"),** has issued consolidated FDI Policy Circular of 2016 **("FDI Policy 2016")**, which with effect from June 7, 2016, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2016 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India **("RBI")** also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2016, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Further, DIPP vide Press Note No. 3 of 2016 has clarified that manufacturer is permitted to sell its products manufactured in India through e-commerce retail. Therefore applicable foreign investment up to 100% is permitted in our company under automatic route.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include (i) the activities of the investee company are under the automatic route under the 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 the SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("US Securities Act") or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of "US Persons" as defined in Regulation S of the U.S. Securities Act), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

**Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur. Further, no offer to the public (as defined under Directive 20003/71/EC, together with any amendments) and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.**

**Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the Bonds and the information contained in this Draft Prospectus.**

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

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

## SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II to the Companies Act and the SEBI Regulations, the main provisions of our Articles relating, inter alia, to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles

| Sr. No | Particulars | |
|---|---|---|
| **1.** | No regulation contained in Table "F" in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto. | **Table F Applicable.** |
| | **Interpretation Clause** | |
| **2.** | In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context: | |
| | (a) "The Act" means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force. | **Act** |
| | (b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution. | **Articles** |
| | (c) "Auditors" means and includes those persons appointed as such for the time being of the Company. | **Auditors** |
| | (d) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company. | **Capital** |
| | (e) *****"The Company" shall mean Gretex Industries Limited | **Company** |
| | (f) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963. | **Executor or Administrator** |
| | (g) "Legal Representative" means a person who in law represents the estate of a deceased Member. | **Legal Representative** |

| Sr. No | Particulars | | |
|---|---|---|---|
| | (h) | Words importing the masculine gender also include the feminine gender. | **Gender** |
| | (i) | "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form. | **In Writing and Written** |
| | (j) | The marginal notes hereto shall not affect the construction thereof. | **Marginal notes** |
| | (k) | "Meeting" or "General Meeting" means a meeting of members. | **Meeting or General Meeting** |
| | (l) | "Month" means a calendar month. | **Month** |
| | (m) | "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act. | **Annual General Meeting** |
| | (n) | "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof. | **Extra-Ordinary General Meeting** |
| | (o) | "National Holiday" means and includes a day declared as National Holiday by the Central Government. | **National Holiday** |
| | (p) | "Non-retiring Directors" means a director not subject to retirement by rotation. | **Non-retiring Directors** |
| | (q) | "Office" means the registered Office for the time being of the Company. | **Office** |
| | (r) | "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act. | **Ordinary and Special Resolution** |
| | (s) | "Person" shall be deemed to include corporations and firms as well as individuals. | **Person** |
| | (t) | "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney. | **Proxy** |
| | (u) | "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1)(a)of the Act. | **Register of Members** |
| | (v) | "Seal" means the common seal for the time being of the Company. | **Seal** |
| | (w) | "Special Resolution" shall have the meanings assigned to it by Section 114 of the Act. | **Special Resolution** |
| | (x) | Words importing the Singular number include where the context admits or requires the plural number and vice versa. | **Singular number** |
| | (y) | "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company. | **Statutes** |
| | (z) | "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time. | **These presents** |
| | (aa) | "Variation" shall include abrogation; and "vary" shall include abrogate. | **Variation** |

| Sr. No | Particulars | |
|---|---|---|
| | (bb) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act. | **Year and Financial Year** |
| | Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force. | **Expressions in the Act to bear the same meaning in Articles** |
| | **CAPITAL** | |
| **3.** | a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time. | **Authorized Capital.** |
| | b) The minimum paid up Share capital of the Company shall be Rs.5,00,000/- or such other higher sum as may be prescribed in the Act from time to time. | |
| **4.** | The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64of the Act. | **Increase of capital by the Company how carried into effect** |
| **5.** | Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. | **New Capital same as existing capital** |
| **6.** | The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force. | **Non Voting Shares** |
| **7.** | Subject to the provisions of the Act and these Articles, the | **Redeemable Preference** |

| Sr. No | Particulars | |
|---|---|---|
| | Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit. | **Shares** |
| **8.** | The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares. | **Voting rights of preference shares** |
| **9.** | On the issue of redeemable preference shares under the provisions of Article 7 hereof , the following provisions- shall take effect:<br>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;<br>(b) No such Shares shall be redeemed unless they are fully paid;<br>(c) Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;<br>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and<br>(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital | **Provisions to apply on issue of Redeemable Preference Shares** |
| **10.** | The Company may (subject to the provisions of sections | **Reduction of capital** |

| Sr. No | Particulars | |
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| | 52, 55, 56, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce<br>(a) the share capital;<br>(b) any capital redemption reserve account; or<br>(c) any security premium account<br>In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted. | |
| **11.** | Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution. | **Debentures** |
| **12.** | The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder. | **Issue of Sweat Equity Shares** |
| **13.** | The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called. | **ESOP** |
| **14.** | Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities. | **Buy Back of shares** |
| **15.** | Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section | **Consolidation, Sub-Division And Cancellation** |

| Sr. No | Particulars | |
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| | (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. | |
| **16.** | Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any foreign country. | **Issue of Depository Receipts** |
| **17.** | Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder. | **Issue of Securities** |
| | **MODIFICATION OF CLASS RIGHTS** | |
| **18.** | (a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.<br>Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation. | **Modification of rights** |
| **19.** | The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith. | **New Issue of Shares not to affect rights attached to existing shares of that class.** |
| **20.** | Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on | **Shares at the disposal of the Directors.** |

| Sr. No | Particulars | |
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| | such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. | |
| **21.** | The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder. | **Power to issue shares on preferential basis.** |
| **22.** | The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. | **Shares should be Numbered progressively and no share to be subdivided.** |
| **23.** | An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member. | **Acceptance of Shares.** |
| **24.** | Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid. | **Directors may allot shares as full paid-up** |
| **25.** | The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be | **Deposit and call etc.to be a debt payable immediately.** |

| Sr. No | Particulars | |
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| | paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly. | |
| **26.** | Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof. | **Liability of Members.** |
| **27.** | Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind. | **Registration of Shares.** |
| | **RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT** | |
| **28.** | The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Sections 39 of the Act | |
| | **CERTIFICATES** | |
| **29.** | (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a | **Share Certificates.** |

| Sr. No | Particulars | |
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| | resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.<br>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.<br>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose. | |
| **30.** | If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the | **Issue of new certificates in place of those defaced, lost or destroyed.** |

| Sr. No | Particulars | |
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| | Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.<br>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.<br>The provisions of this Article shall mutatis mutandis apply to debentures of the Company. | |
| **31.** | (a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations. | **The first named joint holder deemed Sole holder.** |
| | (b) The Company shall not be bound to register more than three persons as the joint holders of any share. | **Maximum number of joint holders.** |
| **32.** | Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them. | **Company not bound to recognise any interest in share other than that of registered holders.** |
| **33.** | If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative. | **Installment on shares to be duly paid.** |
| | **UNDERWRITING AND BROKERAGE** | |

| Sr. No | Particulars | |
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| **34.** | Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other. | **Commission** |
| **35.** | The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful. | **Brokerage** |
| | **CALLS** | |
| **36.** | (1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.<br>(2) A call may be revoked or postponed at the discretion of the Board.<br>(3) A call may be made payable by installments. | **Directors may make calls** |
| **37.** | Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid. | **Notice of Calls** |
| **38.** | A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors. | **Calls to date from resolution.** |
| **39.** | Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class. | **Calls on uniform basis.** |
| **40.** | The Board may, from time to time, at its discretion, extend | **Directors may extend time.** |

| Sr. No | Particulars | |
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| | the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour. | |
| **41.** | If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member. | **Calls to carry interest.** |
| **42.** | If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly. | **Sums deemed to be calls.** |
| **43.** | On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt. | **Proof on trial of suit for money due on shares.** |
| **44.** | Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor | **Judgment, decree, partial payment motto proceed for** |

| Sr. No | Particulars | |
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| | any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided. | **forfeiture.** |
| **45.** | (a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.<br>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company. | **Payments in Anticipation of calls may carry interest** |
| | **LIEN** | |
| **46.** | The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of | **Company to have Lien on shares.** |

| Sr. No | Particulars | |
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| | 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. | |
| **47.** | For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned. | **As to enforcing lien by sale.** |
| **48.** | The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale. | **Application of proceeds of sale.** |
| | **FORFEITURE AND SURRENDER OF SHARES** | |
| **49.** | If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or | **If call or installment not paid, notice may be given.** |

| Sr. No | Particulars | |
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| | otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force. | |
| **50.** | The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.<br>The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited. | **Terms of notice.** |
| **51.** | If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture. | **On default of payment, shares to be forfeited.** |
| **52.** | When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members. | **Notice of forfeiture to a Member** |
| **53.** | Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit. | **Forfeited shares to be property of the Company and may be sold etc.** |
| **54.** | Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the | **Members still liable to pay money owing at time of forfeiture and interest.** |

| Sr. No | Particulars | |
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| | Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so. | |
| **55.** | The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved. | **Effect of forfeiture.** |
| **56.** | A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares. | **Evidence of Forfeiture.** |
| **57.** | The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares. | **Title of purchaser and allottee of Forfeited shares.** |
| **58.** | 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. | **Cancellation of share certificate in respect of forfeited shares.** |
| **59.** | In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable. | **Forfeiture may be remitted.** |
| **60.** | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint someperson to execute an instrument of transfer of the Shares sold and cause the purchaser's | **Validity of sale** |

| Sr. No | Particulars | |
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| | name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only andagainst the Company exclusively. | |
| **61.** | The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit. | **Surrender of shares.** |
| | **TRANSFER AND TRANSMISSION OF SHARES** | |
| **62.** | (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.<br>(b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof. | **Execution of the instrument of shares.** |
| **63.** | The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.<br>The instrument of transfer shall be in a common form approved by the Exchange; | **Transfer Form.** |
| **64.** | The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been | **Transfer not to be registered except on production of instrument of transfer.** |

| Sr. No | Particulars | |
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| | lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law. | |
| **65.** | Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register—<br>(a) any transfer of shares on which the company has a lien.<br>That registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever; | **Directors may refuse to register transfer.** |
| **66.** | If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply. | **Notice of refusal to be given to transferor and transferee.** |
| **67.** | No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company. | **No fee on transfer.** |
| **68.** | The Board of Directors shall have power on giving not less than seven days pervious notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board. | **Closure of Register of Members or debentureholder or other security holders.** |
| **69.** | The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine. | **Custody of transfer Deeds.** |

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| **70.** | Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice. | **Application for transfer of partly paid shares.** |
| **71.** | For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post. | **Notice to transferee.** |
| **72.** | (a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.<br>(b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.<br>Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate<br>(c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. | **Recognition of legal representative.** |
| **73.** | The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of | **Titles of Shares of deceased Member** |

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| | Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72of the Companies Act. | |
| **74.** | Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act. | **Notice of application when to be given** |
| **75.** | Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'. | **Registration of persons entitled to share otherwise than by transfer. (transmission clause).** |
| **76.** | Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration. | **Refusal to register nominee.** |
| **77.** | Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity. | **Board may require evidence of transmission.** |

| Sr. No | Particulars | |
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| **78.** | The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit. | **Company not liable for disregard of a notice prohibiting registration of transfer.** |
| **79.** | In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit. | **Form of transfer Outside India.** |
| **80.** | No transfer shall be made to any minor, insolvent or person of unsound mind. | **No transfer to insolvent etc.** |
| | **NOMINATION** | |
| **81.** | i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013shall apply in respect of such nomination.<br>ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014<br>iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination. | **Nomination** |

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| | iv) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked. | |
| **82.** | A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-<br>(i) to be registered himself as holder of the security, as the case may be; or<br>(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;<br>(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;<br>(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.<br><br>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with. | **Transmission of Securities by nominee** |
| | **DEMATERIALISATION OF SHARES** | |
| **83.** | Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form. | **Dematerialisation of Securities** |
| | **JOINT HOLDER** | |
| **84.** | Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles. | **Joint Holders** |
| **85.** | (a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share. | **Joint and several liabilities for all payments in respect of shares.** |
| | (b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the | **Title of survivors.** |

| Sr. No | Particulars | |
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| | Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person; | |
| | (c) Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and | **Receipts of one sufficient.** |
| | (d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders. | **Delivery of certificate and giving of notices to first named holders.** |
| | **SHARE WARRANTS** | |
| **86.** | The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant. | **Power to issue share warrants** |
| **87.** | (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.<br>(b) Not more than one person shall be recognized as depositor of the Share warrant.<br>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor. | **Deposit of share warrants** |
| **88.** | (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a | **Privileges and disabilities of the holders of share** |

| Sr. No | Particulars | |
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| | 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.<br>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company. | **warrant** |
| **89.** | The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction. | **Issue of new share warrant coupons** |
| | **CONVERSION OF SHARES INTO STOCK** | |
| **90.** | The Company may, by ordinary resolution in General Meeting.<br>a) convert any fully paid-up shares into stock; and<br>b) re-convert any stock into fully paid-up shares of any denomination. | **Conversion of shares into stock or reconversion.** |
| **91.** | The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose. | **Transfer of stock.** |
| **92.** | The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose.but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares , have conferred that privilege or advantage. | **Rights of stock holders.** |
| **93.** | Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively. | **Regulations.** |
| | **BORROWING POWERS** | |
| **94.** | Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, | **Power to borrow.** |

| Sr. No | Particulars | |
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| | overdrafts, cash credit<br>or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose. | |
| **95.** | Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting. | **Issue of discount etc. or with special privileges.** |
| **96.** | The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be. | **Securing payment or repayment of Moneys borrowed.** |
| **97.** | Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such | **Bonds, Debentures etc. to be under the control of the Directors.** |

| Sr. No | Particulars | |
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| | consideration as they shall consider to be for the benefit of the Company. | |
| **98.** | If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed. | **Mortgage of uncalled Capital.** |
| **99.** | Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability. | **Indemnity may be given.** |
| | **MEETINGS OF MEMBERS** | |
| **100.** | All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings. | **Distinction between AGM & EGM.** |
| **101.** | (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members | **Extra-Ordinary General Meeting by Board and by requisition** |
| | (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors. | **When a Director or any two Members may call an Extra Ordinary General Meeting** |
| **102.** | No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened. | **Meeting not to transact business not mentioned in notice.** |

| Sr. No | Particulars | |
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| **103.** | The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting. | **Chairman of General Meeting** |
| **104.** | No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant. | **Business confined to election of Chairman whilst chair is vacant.** |
| **105.** | a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.<br>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.<br>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.<br>d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. | **Chairman with consent may adjourn meeting.** |
| **106.** | In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member. | **Chairman's casting vote.** |
| **107.** | Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith. | **In what case poll taken without adjournment.** |
| **108.** | The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. | **Demand for poll not to prevent transaction of other business.** |
| | **VOTES OF MEMBERS** | |
| **109.** | No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands,upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or | **Members in arrears not to vote.** |

| Sr. No | Particulars | |
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| | in regard to which the Company has exercised, any right or lien. | |
| **110.** | Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares. | **Number of votes each member entitled.** |
| **111.** | 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. | **Casting of votes by a member entitled to more than one vote.** |
| **112.** | A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. | **Vote of member of unsound mind and of minor** |
| **113.** | Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company. | **Postal Ballot** |
| **114.** | A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once. | **E-Voting** |
| **115.** | a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or | **Votes of joint members.** |

| Sr. No | Particulars | |
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| | others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.<br>b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members. | |
| **116.** | Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles | **Votes may be given by proxy or by representative** |
| **117.** | A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company. | **Representation of a body corporate.** |
| **118.** | (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable. | **Members paying money in advance.** |
| | (b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken. | **Members not prohibited if share not held for any specified period.** |
| **119.** | Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof. | **Votes in respect of shares of deceased or insolvent members.** |

| Sr. No | Particulars | |
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| **120.** | No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment. | **No votes by proxy on show of hands.** |
| **121.** | The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. | **Appointment of a Proxy.** |
| **122.** | An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105. | **Form of proxy.** |
| **123.** | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used. | **Validity of votes given by proxy notwithstanding death of a member.** |
| **124.** | No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. | **Time for objections to votes.** |
| **125.** | Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive. | **Chairperson of the Meeting to be the judge of validity of any vote.** |
| | **DIRECTORS** | |
| **126.** | Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and | **Number of Directors** |

| Sr. No | Particulars | |
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| | Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution | |
| **127.** | A Director of the Company shall not be bound to hold any Qualification Shares in the Company. | **Qualification shares.** |
| **128.** | (a) Subject to the provisions of the Companies Act, 2013and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement<br>(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.<br>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.<br>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s. | **Nominee Directors.** |
| **129.** | The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the | **Appointment of alternate Director.** |

| Sr. No | Particulars | |
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| | automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director. | |
| **130.** | Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting. | **Additional Director** |
| **131.** | Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him. | **Directors power to fill casual vacancies.** |
| **132.** | Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof. | **Sitting Fees.** |
| **133.** | The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified. | **Travelling expenses Incurred by Director on Company's business.** |
| | **PROCEEDING OF THE BOARD OF DIRECTORS** | |
| **134.** | (a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.<br>(b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board. | **Meetings of Directors.** |
| **135.** | a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting. | **Chairperson** |

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| | b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time. | |
| **136.** | Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote. | **Questions at Board meeting how decided.** |
| **137.** | The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose. | **Continuing directors may act notwithstanding any vacancy in the Board** |
| **138.** | Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. | **Directors may appoint committee.** |
| **139.** | The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contain ed for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article. | **Committee Meetings how to be governed.** |
| **140.** | a) A committee may elect a Chairperson of its meetings.<br>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting. | **Chairperson of Committee Meetings** |
| **141.** | a) A committee may meet and adjourn as it thinks fit.<br>b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote. | **Meetings of the Committee** |
| **142.** | Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or | **Acts of Board or Committee shall be valid** |

| Sr. No | Particulars | |
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| | by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director. | **notwithstanding defect in appointment.** |
| | **RETIREMENT AND ROTATION OF DIRECTORS** | |
| **143.** | Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid. | **Power to fill casual vacancy** |
| | **POWERS OF THE BOARD** | |
| **144.** | The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. | **Powers of the Board** |
| **145.** | Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say | **Certain powers of the Board** |
| | (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India. | **To acquire any property , rights etc.** |
| | (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings | **To take on Lease.** |

| Sr. No | Particulars | |
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| | and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy. | |
| | (3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company. | **To erect & construct.** |
| | (4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. | **To pay for property.** |
| | (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. | **To insure properties of the Company.** |
| | (6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit. | **To open Bank accounts.** |
| | (7) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit. | **To secure contracts by way of mortgage.** |
| | (8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be | **To accept surrender of shares.** |

| Sr. No | Particulars | |
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| | agreed upon. | |
| | (9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees. | **To appoint trustees for the Company.** |
| | (10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon. | **To conduct legal proceedings.** |
| | (11) To act on behalf of the Company in all matters relating to bankruptcy insolvency. | **Bankruptcy &Insolvency** |
| | (12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company. | **To issue receipts & give discharge.** |
| | (13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name. | **To invest and deal with money of the Company.** |
| | (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon; | **To give Security by way of indemnity.** |
| | (15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise. | **To determine signing powers.** |
| | (16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part | **Commission or share in profits.** |

| Sr. No | Particulars | |
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| | of the working expenses of the Company. | |
| | (17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company. | **Bonus etc. to employees.** |
| | (18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper. | **Transfer to Reserve Funds.** |
| | (19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to | **To appoint and remove officers and other employees.** |

| Sr. No | Particulars | |
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| | require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause. | |
| | (20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them. | **To appoint Attorneys.** |
| | (21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. | **To enter into contracts.** |
| | (22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees. | **To make rules.** |
| | (23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company. | **To effect contracts etc.** |
| | (24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for | **To apply & obtain concessions licenses etc.** |

| Sr. No | Particulars | |
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| | extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests. | |
| | (25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents. | **To pay commissions or interest.** |
| | (26) To redeem preference shares. | **To redeem preference shares.** |
| | (27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise. | **To assist charitable or benevolent institutions.** |
| | (28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.<br>(29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act. | |
| | (30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise. | |
| | (31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or | |

| Sr. No | Particulars | |
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| | technical know-how.<br>(32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.<br>(33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.<br>(34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.<br>(35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.<br>(36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.<br>(37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.<br>(38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with. | |
| | **MANAGING AND WHOLE-TIME DIRECTORS** | |
| **146.** | a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as | **Powers to appoint Managing/ Wholetime Directors.** |

| Sr. No | Particulars | |
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| | they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.<br>b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director. | |
| **147.** | The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes. | **Remuneration of Managing or Wholetime Director.** |
| **148.** | (1) Subject to control, direction and supervision of the Board of Directors, the day-today management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.<br>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.<br>(3) The Company's General Meeting may also from | **Powers and duties of Managing Director or Whole-time Director.** |

| Sr. No | Particulars | |
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| | time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.<br>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.<br>(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company. | |
| | **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer** | |
| **149.** | a) Subject to the provisions of the Act,—<br>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;<br>ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.<br>**b)** A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer. | **Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer** |
| | **THE SEAL** | |
| **150.** | (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 | **The seal, its custody and use.** |

| Sr. No | Particulars | |
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| | Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.<br>(b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India. | |
| **151.** | The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence. | **Deeds how executed.** |
| | **Dividend and Reserves** | |
| **152.** | (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.<br>(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.<br>(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. | **Division of profits.** |
| **153.** | The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting. | **The company in General Meeting may declare Dividends.** |
| **154.** | a) The Board may, before recommending any dividend, | **Transfer to reserves** |

| Sr. No | Particulars | |
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| | set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.<br>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve. | |
| **155.** | Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company. | **Interim Dividend.** |
| **156.** | The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. | **Debts may be deducted.** |
| **157.** | No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share. | **Capital paid up in advance not to earn dividend.** |
| **158.** | All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly. | **Dividends in proportion to amount paid-up.** |
| **159.** | The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same. | **Retention of dividends until completion of transfer under Articles .** |
| **160.** | No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company. | **No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.** |
| **161.** | A transfer of shares does not pass the right to any dividend | **Effect of transfer of shares.** |

| Sr. No | Particulars | |
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| | declared thereon before the registration of the transfer. | |
| **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 in respect of such share. | **Dividend to joint holders.** |
| **163.** | a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.<br>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. | **Dividends how remitted.** |
| **164.** | Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act. | **Notice of dividend.** |
| **165.** | No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company. | **No interest on Dividends.** |
| | **CAPITALIZATION** | |
| **166.** | (1) The Company in General Meeting may, upon the recommendation of the Board, resolve:<br>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and<br>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.<br>(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:<br>(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;<br>(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or<br>(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).<br>(3) A Securities Premium Account and Capital | **Capitalization.** |

| Sr. No | Particulars | |
|---|---|---|
| | Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.<br>(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation. | |
| **167.** | (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —<br>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and<br>(b) generally to do all acts and things required to give effect thereto.<br>(2) The Board shall have full power -<br>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also<br>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.<br>(3) Any agreement made under such authority shall be effective and binding on all such members.<br>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit. | **Fractional Certificates.** |
| **168.** | (1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and | **Inspection of Minutes Books of General Meetings.** |

| Sr. No | Particulars | |
|---|---|---|
| | the members will also be entitled to be furnished with copies thereof on payment of regulated charges.<br>(2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof. | |
| **169.** | a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.<br>b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting. | **Inspection of Accounts** |
| | **FOREIGN REGISTER** | |
| **170.** | The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers. | **Foreign Register.** |
| | **DOCUMENTS AND SERVICE OF NOTICES** | |
| **171.** | Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed. | **Signing of documents & notices to be served or given.** |
| **172.** | Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company. | **Authentication of documents and proceedings.** |
| | **WINDING UP** | |
| **173.** | Subject to the provisions of Chapter XX of the Act and rules made thereunder—<br>(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.<br>(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. | |

| Sr. No | Particulars | |
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| | (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability. | |
| | **INDEMNITY** | |
| **174.** | Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court. | **Directors' and others right to indemnity.** |
| **175.** | Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any lossor damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties | **Not responsible for acts of others** |

| Sr. No | Particulars | |
|---|---|---|
| | of his office or in relation thereto, unless the same happens through his own dishonesty. | |
| | **SECRECY** | |
| **176.** | (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained. | **Secrecy** |
| | (b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate. | **Access to property information etc.** |

## SECTION IX – OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Red Herring 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 Draft Red Herring 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 at 158, Lenin Sarani, 3rd floor, Room no. 7B, Kolkata West Bengal 700013, India. from date of filing this Draft Red Herring Prospectus with RoC to Bid Closing Date on working days from 10.00 a.m. to 5.00 p.m.

**Material Contracts**

1. Offer Agreement dated [●] amongst our Company, the Selling Shareholders and the BRLMs.
2. Registrar Agreement dated [●] between our Company, the Selling Shareholders and [●], Registrar to the offer.
3. Underwriting Agreement dated [●] between our Company and Underwriter viz. BRLMs
4. Share Escrow Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs and the Escrow Agent.
5. Market Making Agreement dated [●] between our Company, Market Maker and the BRLMS.
6. Bankers to the Offer Agreement dated [●] amongst our Company, the BRLMS, Banker(s) to the offer and the Registrar to the offer.
7. Syndicate Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs, and the Syndicate Members.
8. Tripartite agreement among the NSDL, our Company and Registrar to the Offer dated February 04, 2014
9. Tripartite agreement among the CDSL, our Company and Registrar to the Offer dated January 15, 2014

**Material Documents**

1. Certified copies of the updated Memorandum and Articles of Association of our Company along with certificates of incorporation as amended from time to time.
2. Resolutions of the Board of Directors dated [●] in relation to the Offer and other related matters.
3. Shareholders' resolution dated [●] in relation to the Offer and other related matters.
4. Authorisation letter dated June 17, 2016 issued by Ambition Tie up Private Limited
5. Authorisation letter dated June 17, 2016 issued by Bonanza Agency Private Limited
6. Authorisation letter dated June 17, 2016 issued by Talent Investment Company Private Limited
7. Statement of Tax Benefits dated issued by our Peer Reviewed Auditor June 20, 2016, Chartered Accountants.
8. Report of the Peer Reviewed Auditor, Surana Singh Rathi And Co, Chartered Accountants, dated June 20, 2016 on the Restated Financial Statements for the financial year ended as on March 31, 2016, 2015, 2014, 2013 & 2012 of our Company.

9. Consents of Promoters, Directors, Company Secretary and Compliance Officer, Statutory Auditors, Peer Reviewed Auditors, Legal Advisor to the Issue, the Book Running Lead Managers, Registrar to the Offer, Underwriter, Market Maker, Bankers to the Offer, Refund Banker to the Offer, to act in their respective capacities.
10. Copy of approval from NSE India Ltd. Limited *vide* letter dated [●], to use the name of NSE in this offer document for listing of Equity Shares on NSE Emerge (SME Platform) of NSE India Limited.
11. Due Diligence Certificate dated [●] from BRLMs to NSE India Limited.

None of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION BY SELLING SHAREHOLDERS

We, the under signed Selling Shareholders hereby certifies that all the statements made by the Selling Shareholders in this Draft Red Herring Prospectus about or in relation to itself in connection with the Offer for Sale, and the Equity Shares offered by them in the Offer for Sale are true and correct.

**Signed by Selling Shareholders**

| | | |
|---|---|---|
| Signed by the Selling Shareholder<br>**For Bonanza Agency Private Limited** | Signed by the Selling Shareholder<br>**For Talent Investment Company Private Limited** | Signed by the Selling Shareholder<br>**For Ambition Tie Up Private Limited** |

Place: Kolkata

Date: August 16, 2016

## DECLARATION BY THE COMPANY

We, the under signed, hereby certify and declare that, all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the regulations / guidelines issued by SEBI, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

**Signed by all the Directors of our Company**

| Name and Designation | Signature |
|---|---|
| **Arvind Halkaka**<br>*Managing Director* | Sd/- |
| **Sumit Harlalka**<br>*Non Executive Director* | Sd/- |
| **Rahul Kumar**<br>*Independent Director* | Sd/- |
| **Soma Nath**<br>*Independent Director* | Sd/- |

Signed by Chief Financial Officer and Company Secretary & Compliance Officer of the Company

| | |
|---|---|
| **Sd/-**<br>**Kritika Rupda**<br>*Chief Financial Officer* | **Sd/-**<br>**Sweta Harlalka**<br>*Company Secretary & Compliance Officer* |

Place: Kolkata
Date: August 16, 2016

**Annexure A**

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**

| Sr. No | Issue Name | Issue Size (Cr) | Issue Price (Rs.) | Listing date | Opening price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Mangalam Seeds Limited | 5.70 | 50.00 | August 12, 2015 | 55.00 | 15.20% (-6.87%) | 71.25% (42.50%) | 44.50% (-11.72%) |
| 2. | Sri Krishna Constructions (India) Limited | 11.34 | 45.00 | October 01, 2015 | 39.90 | -2.22% (1.66%) | -0.89% (-1.00%) | -26.00% (-5.04%) |
| 3. | Patdiam Jewellery Limited | 5.00 | 38.00 | October 16, 2015 | 43.00 | 61.84% (-5.34%) | 63.03% (-8.97%) | 163.16%(-5.83%) |
| 4. | Vidli Restaurants Limited | 1.31 | 10.00 | February 15, 2016 | 12.00 | 149.50 % (4.23%) | 174.50%(8.91%) | 400.00%(19.52%) |
| 5. | Ruby Cables Limited | 10.50 | 50.00 | April 13, 2016 | 50.90 | 0.00%(-0.54%) | -18.40% (8.51%) | Not Applicable |
| 6. | Sysco Industries Limited | 2.17 | 10.00 | April 13, 2016 | 12.00 | 117.50%(-0.54%) | 92.00% (8.51%) | Not Applicable |
| 7. | Lancer Container Lines Limited | 1.848 | 12.00 | April 13, 2016 | 12.60 | 32.08%(-0.54%) | 31.25% (8.51%) | Not Applicable |
| 8. | Yash Chemex Limited | 2.51 | 23.00 | June 20, 2016 | 23.85 | 18.26% (3.90%) | Not Applicable | Not Applicable |
| 9. | Titaanium Ten Enterprise Limited | 2.74 | 15.00 | July 14, 2016 | 16.00 | 15.33(0.75%) | Not Applicable | Not Applicable |
| 10. | Commercial Syn Bags Limited | 7.66 | 24.00 | July 14, 2016 | 28.80 | 49.58%(0.75%) | Not Applicable | Not Applicable |

Note- Shiva Granito Limited Exports Limited has filled Prospectus with Registrar of Companies

Sources: All share price data is from www.bseindia.com and www.nseindia.com

Note:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case 30th/90th/180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered
4. In case 30th/90th/180th days, scrips are not traded then last trading price has been considered.
5. As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect maximum 10 issues (Initial Public Offers) managed by the lead manager. Hence, disclosures pertaining to recent 10 issues handled by the lead manager are provided.

## SUMMARY STATEMENT OF DISCLOSURE

| Financial year | Total no. of IPO | Total funds raised (Rs. Cr) | Nos of IPOs trading at discount on 30th Calendar day from listing date | | | Nos of IPOs trading at premium on 30th Calendar day from listing date | | | Nos of IPOs trading at discount on 180th Calendar day from listing date | | | Nos of IPOs trading at premium on 180th Calendar day from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 13-14 | *1 | 6.855 | - | - | - | - | 1 | - | - | - | - | - | 1 | - |
| 14-15 | **5 | 56.844 | - | - | - | - | - | 5 | - | - | - | - | 2 | 3 |
| 15-16 | ***9 | 54.01 | - | - | 1 | 2 | 2 | 4 | - | - | 2 | 4 | 3 | - |
| 16-17 | ****6## | 27.41 | - | - | - | 1 | 2 | 3 | - | - | | - | - | - |

*The scripts of Si. Vi. Shipping Corporation Limited was listed on March 6, 2014.

**The scripts of Women's Next Loungeries Limited, Ultracab (India) Limited, Momai Apparels Limited, Jet Infraventure Limited and Supreme(India) Impex Limited were listed on April 21, 2014, October 10, 2014, October 16, 2014, November 25, 2014, and March 31, 2015 respectively.

***The scripts of Filtra Consultants and Engineers Limited, Ambition Mica Limited, Jiya Eco Products Limited, M.D. Inducto Cast Limited, Majestic Research Services and Solutions Limited, Mangalam Seeds Limited, Sri Krishna Constructions (India) Limited, Patdiam Jewellery Limited and Vidli Restaurants Limited were listed on April 15, 2015, July 14, 2015, July 16, 2015, July 16, 2015, July 16, 2015, August 12, 2015, October 01, 2015, October 16, 2015 and February 15, 2016 respectively.

****The scripts Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited and Commercial Syn Bags Limited were listed on April 13, 2016, April 13, 2016, April 13, 2016, June 20, 2016, July 14, 2016 and July 14, 2016 respectively.

## The Scripts of Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited and Commercial Syn Bags Limited have not completed 180 Days from the date of listing.